



Daily Report

China

FBIS-CHI-94-122
Friday
24 June 1994

Daily Report

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FBIS-CHI-94-122

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General

Coverage of Foreign Ministry News Conference Continues

Discusses DPRK Issue

OW2306123894 Beijing XINHUA Domestic Service in Chinese 1129 GMT 23 Jun 94

[Excerpt] Beijing, 23 Jun (XINHUA)—Foreign Ministry spokesman Wu Jianmin commented on the Korean nuclear issue and answered reporters' questions concerning the Rwanda crisis and the Yemeni civil war at a press conference this afternoon.

On the Korean nuclear issue, Wu Jianmin said: U.S. President Clinton announced today that the United States would hold the third round of talks with the DPRK in Geneva in early July to seek an overall improvement of relations between the two countries; and it that would also stop pushing for sanctions against the DPRK in the UN Security Council. Meanwhile, the DPRK and ROK have reached an agreement on holding preliminary talks for a summit meeting between them. We are happy to see these positive developments on the Korean nuclear issue and appreciate the wise attitude adopted and positive efforts made by the parties concerned for a peaceful settlement of this issue.

He said: Dialogue, instead of exerting pressure, is the basic way for a peaceful and proper settlement of the Korean nuclear issue. This conforms to the interests of all parties and helps safeguard peace and stability on the peninsula. We sincerely hope that all parties concerned will treasure and seize upon this important turning point; hold consultations and dialogue with an equal, pragmatic, and sincere approach; and make constructive efforts to bring about a denuclearized, peaceful, and stable Korean peninsula. [passage omitted]

Li Peng Sends Congratulations to G-77 on Anniversary

OW2406055294 Beijing XINHUA in English 0536 GMT 24 Jun 94

[Text] Beijing, June 24 (XINHUA)—Chinese Premier Li Peng today sent a telegram to the special ministerial meeting of the Group of 77 in New York congratulating them on the 30th anniversary of the group's founding.

"On the occasion of the 30th anniversary of the founding of the Group of 77 and the convocation of its special ministerial meeting, I would like to extend, on behalf of the Chinese Government and people, our warm congratulations," Li said in his message.

"For thirty years, the Group of 77 has made unremitting efforts in safeguarding the legitimate rights and interests of developing countries, breaking up the inequitable international economic order and promoting north-south dialogue and international economic cooperation," he said.

"With major and profound changes in the international situation in recent years, the group is facing new tasks and challenges," he continued.

"At the UN Conference on Environment and Development and a number of other important international conferences, the group has worked to serve the interests of developing countries and made contributions to the achievement of positive results at these conferences," the premier pointed out.

He noted that "facts show that it is necessary and entirely possible for developing countries to close ranks and enhance cooperation for a common objective under the current new international situation."

"Being a developing country itself," Li said, "China has all along supported the just stand and reasonable demands of the Group of 77 and maintained good relations with it."

"Since the beginning of the 1990s, our cooperation has made further headway, which has effectively defended the common interests of developing countries," he said.

"I firmly believe that China and the Group of 77 will support and cooperate with each other even more forcefully and closely in the years ahead," Li added.

He stressed that "the Chinese Government and people stand ready to work with the Group of 77 for a gradual reform of the international economic order and for the common development and prosperity of developing countries."

The Chinese premier in his message wished every success for the Group of 77 special ministerial meeting.

The Group of 77, founded in Geneva in 1964, now has 129 member countries.

Tian Jiyun on 5 Principles of Peaceful Coexistence

OW2306115494 Beijing XINHUA in English 1140 GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—A top Chinese official said here today that the five principles of peaceful co-existence are of guiding significance in establishing a new international political and economic order even 40 years after first being advocated.

Tian Jiyun, vice-chairman of the Standing Committee of the National People's Congress (NPC), told an NPC forum marking the 40th birthday anniversary of the five principles of peaceful co-existence that they "conform to the spirit of the United Nations charter and illustrate the fundamental characteristics of a new-type international relations."

The five principles of peaceful co-existence, namely the mutual respect for sovereignty and territorial integrity, non-aggression, non-interference in each other's internal

affairs, equality and mutual benefit, and peaceful co-existence, were first formulated by China and later advocated by China and its neighboring countries of India and Myanmar (the former Burma) in 1954.

At that time, Tian said, these principles represented the common aspirations of the newly independent nations and their peoples. Over the past 40 years, the five principles have been accepted by more and more countries and "have played an important role in maintaining world peace."

Tian said China is not only an advocate but also a faithful follower of the principles. The country has established diplomatic ties with 158 countries and developed economic, trade, scientific and cultural exchanges and cooperation with more than 200 countries and regions in the world.

The NPC also pursues active exchanges with foreign counterparts on the basis of the five principles, establishing friendly ties with 130 foreign parliaments and international parliamentary organizations, he added.

Tian stressed that China will continue to adhere to the five principles and will constitute no threat to any state or region, even after it becomes stronger economically.

"China will forever be a stable factor for peace in the Asia-Pacific region and the whole world," Tian said, adding "China has never sought for hegemony, nor will it begin to seek it."

Vice-chairpersons of the NPC Standing Committee Fei Xiaotong, Lei Jieqiong, Qin Jiwei and Li Peiyao attended the forum. Leaders of non-communist parties and the foreign ministry made speeches on the birth and development of the five principles, and on the ever-growing role the principles play in the international political and economic arena.

The forum was sponsored by the Foreign Affairs Committee of the NPC.

Li Tieying Discusses Reform at Reception in Wellington

OW2306135394 Beijing XINHUA Domestic Service in Chinese 1450 GMT 20 Jun 94

[By reporter Chen Jinjun (7115 6651 6511)]

[Text] Wellington, Jun 20 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Commission for Economic Restructuring, said here today: China will continue to uphold its policy of reform and opening up, establish a new market economic structure as soon as possible, quicken the pace to make its new economic system compatible with international practices, and actively participate in international competition and economic cooperation.

Speaking at a reception hosted by (Murray Horn), secretary general of the New Zealand Finance Ministry, Li

Tieying said: Doing so "not only serves the fundamental interests of the Chinese people but also conforms to the common aspirations and fundamental interests of the people in the rest of the world."

He said: "Over the past 15 years, guided by Deng Xiaoping's theory of building socialism with Chinese characteristics, China made remarkable achievements in reform, opening up, and modernization. Its economic structure and operational mechanisms underwent profound changes."

He added: A situation has taken initial shape in China in which the publicly owned economic sector constitutes the mainstay while the state-owned, collective, individual, private, and foreign-funded economic sectors develop simultaneously, compete on an equal footing, and develop together. China has made unceasing efforts to extend the scale of reform in state-owned enterprises and explore practical ways to establish a modern enterprise system. China is cultivating a market system, accelerating price reform, and continuing strengthening the role of market mechanisms. Instead of trying to directly control enterprises by giving them administrative orders, the state mainly uses economic and legislative means to indirectly regulate and control enterprises. China has set up a distribution system in which remuneration according to one's work as the principal mode of distribution and various other means of distribution serve as supplements. A new social security system has also been established. The household contract responsibility system, with remuneration linked to output, is extensively carried out in China's rural areas. This and the adjustment of agricultural produce prices and procurement systems have motivated peasants to work harder.

Li Tieying said: "China's commitment to a market-oriented economy in its reform and opening up is correct. Our cause is extensively and wholeheartedly supported by our people. Chinese people are marching toward the goal of establishing a new system and accomplishing modernization."

He added: In 1988, China doubled its gross national product [GNP] of 1980 ahead of time, basically realizing the first stage of its strategic target of improving the people's living standards. We may foresee that our GNP will probably be doubled again by the end of the century. By that time, we may achieve the second stage of the strategic target of improving the people's living standards in advance. China's current major task is to promote sustained, rapid, and healthy economic development by establishing a socialist market economic structure so as to ensure the realization of the third stage of the strategic target. That is, China hopes to catch up with or surpass the present standards of moderately developed countries by the middle of the 21st century.

Li Tieying said: Developing and strengthening our economic relations and cooperation with countries and regions in the Asia-Pacific region constitutes an integral

part of China's overall opening up policy. China is willing to actively expand its cooperation with New Zealand in the political, economic, scientific, technological, and cultural fields through various channels under the principles of equality, mutual benefit, and efficiency.

The China economic structure investigation delegation, headed by Li Tieying, arrived in New Zealand on 18 June.

Russia, U.S. Sign Multiple Cooperation Agreements

OW2306210794 Beijing XINHUA in English 2052
GMT 23 Jun 94

[Text] Washington, June 23 (XINHUA)—Russia today agreed with the United States to shutdown its plutonium production, and the U.S. side pledged 10 billion dollars investment in Russia's oil and natural gas production.

These agreements were within the 22 documents on cooperation in energy, space, environment, nuclear safety and other areas between the two countries signed by U.S. Vice President Al Gore and Russian visiting Prime Minister Viktor Chernomyrdin.

The signing came at the end of a two-day meeting of a number of U.S.-Russian committees established 14 months ago when presidents of both countries met in Vancouver, Canada.

Before the ceremony, Chernomyrdin met briefly with U.S. President Bill Clinton.

According to the accord, the U.S. will invest 10 billion dollars in Russia's oil and natural gas production in Sakhalin Island as well as widened environmental protection cooperation.

The accord on plutonium stipulates that both U.S. and Russia stop operation of plutonium production reactors by the year 2000. Russia has three such reactors in operation, two still producing weapons grade plutonium.

The joint committees meet twice a year alternatively in Washington and Moscow. Gore will head a U.S. delegation to Russia in the winter for the fourth meeting.

U.S. Informs ROK, Japan, Russia of DPRK Message

OW2306213294 Beijing XINHUA in English 2115
GMT 23 Jun 94

[Text] Washington, June 23 (XINHUA)—U.S. Secretary of State Warren Christopher informed his counterparts of South Korea, Japan and Russia the response by the Democratic People's Republic of Korea (DPRK) last night on his way home from Brussels, the State Department said here today.

The U.S. Administration received formal confirmation from the DPRK yesterday that it will freeze the major

elements of its nuclear program while a new round of talks between the U.S. and the DPRK proceeds.

Christopher had discussions on the new situation in the DPRK with South Korean Foreign Minister Han Sung-chu, Russian Foreign Minister Andrey Kozyrev and Japanese Foreign Minister Koji Kakizawa, department spokesman Mike McCurry said at a news briefing.

They used that discussions to "really begin to build a framework of consultations for the upcoming third round of talks," McCurry said.

The spokesman explained that in every step along the way in dealing with this crisis the United States had used "very careful and precise diplomacy" to first build international support for sanction efforts at the United Nations.

"We will use exactly that some type of approach now in building a common understanding and foundation for the type of dialogue that we now seek to have with the DPRK," he said.

In answering a question, McCurry said the response from the DPRK "specifically addressed the types of concerns that we raised."

"We are quite satisfied that the response was detailed enough," he added.

McCurry said U.S. Administration officials have had a good exchange with DPRK officials on dates of a new round of talks between the two countries. But he refused to disclose them.

President Bill Clinton said yesterday the United States was ready to hold the third round of talks with the DPRK in Geneva early next month.

Sino-Foreign Arbitration Agreements Signed

OW2306124894 Beijing XINHUA in English 1234
GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—China signed arbitration agreements with Germany, Thailand, Austria and Switzerland here today.

The agreements were respectively reached between the China International Economic and Trade Arbitration Committee (CIETAC) and German Federal Council of Arbitration, Thai Arbitration Office of Ministry of Justice, the Swiss Arbitration Association and the Austrian Federal Economic Chamber.

Wang Hanbin, vice-chairman of the Chinese National People's Congress Standing Committee, was present at the signing ceremony.

Wang also met with some foreign delegates attending the international commercial arbitration conference, which ended here today.

At the two-day conference, more than 250 experts and scholars in the fields of economy and trade, arbitration and the legal profession from 30 countries discussed the latest developments in international arbitration, arbitration legislation and practice.

The conference was co-sponsored by the International Council for Commercial Arbitration (ICCA) and CIETAC.

It was the first time for such conference to be held in a developing country.

Esso Steps Up Oil Exploration in East China Sea

*OW2306134794 Beijing XINHUA in English 1336
GMT 23 Jun 94*

[Text] Shanghai, June (XINHUA)—Esso, the largest oil company in the United States, opened a subsidiary here yesterday to direct its oil exploration in the East China Sea.

The subsidiary, Esso China Ltd., will begin to gather seismic data in a contract sea block on June 26.

Esso and 14 big foreign oil companies, including Texaco, Chevron, Shell and Phillips-Arco, are now searching for oil and gas over a 64,246 square kilometer continental basin area in the sea.

In May 1992, the Chinese Government decided to open part of the offshore area in the East China Sea to foreign oil companies.

On June 30, 1992, the China National Offshore Oil Corporation opened bids for Sino-foreign joint development of oil in that area.

Esso and 14 foreign oil companies beat fierce competition to win bids to search for and produce oil and gas in 18 blocks in the sea, in cooperation with the Chinese corporation.

Li May Phipps and Kevin Biddle, both vice-presidents of Esso China Ltd., said that they were delighted at Esso's success in winning a contract block.

The 2,120 sq km block is about 200 km north-east of Wenzhou, a port in Zhejiang Province.

Biddle said: "We are fully confident of our success in exploring oil in the East China Sea."

Since oil exploration in the East China Sea began in the early 1970s, an oilfield and nine oil-bearing structures have been discovered and 27 oil exploratory wells drilled there.

After seismic exploration is completed and relevant data processed, Esso China Ltd. will choose the best well location to drill an exploratory well, he said.

Drilling is expected to begin next year, he added.

Founded in 1882, Esso is currently searching for oil and gas in more than 80 countries. It spent 8.2 billion U.S. dollars in investment and exploration in 1993.

Esso opened a representative office in Beijing 13 years ago as part of its effort to participate in developing energy resources in China.

Biddle said that over the past ten years and more, his parent company had spent 200 million U.S. dollars in the search for offshore oil and gas resources in China.

To date, Esso has drilled 17 wells in two blocks in the South China Sea, striking both oil and gas there, he said.

Moreover, together with Chinese partners, Esso is also searching for oil in the Tarim basin in northwest China's Xinjiang Uygur Autonomous Region, he added.

He said he thought that oil and gas resources in northwest China are probably even more promising than those in the Daqing oilfield in northeast China's Heilongjiang Province and in the Shengli oilfield in east China's Shandong Province.

Esso's cooperation with China is based on long-term interests, he said, adding that Esso will try to expand its cooperation with Chinese partners in accordance with the principles of equality and mutual benefit.

Esso is also willing to invest in energy projects in China, such as oil projects, coal projects and power projects, he added.

UN Project Aids Poverty-Stricken in Ningxia

*OW2306122394 Beijing XINHUA in English 1156
GMT 23 Jun 94*

[Text] Yinchuan, June 23 (XINHUA)—A poverty-relief and environment improvement project was officially launched recently in the mountainous southern part of Ningxia in northwest China, with free aid from the United Nations World Food Program.

Li Shengrong, the top official in charge of the code-named 4071 Project, said the project will involve the building of reservoirs, pump stations and wells, which will expand irrigated farmlands by 3,700 ha.

The project will also sponsor the building of 10,000 ha of terraced farms, 77 km of roads and water supply works to quench the wide thirst felt both by humans and stock, Li said.

Li said the project will teach 31,900 to read and write, reducing the local adult illiteracy rate from 36 percent to 18 percent. About 64,000 farmers, 28,000 of them women, will be trained in various farming skills.

The project will be aimed at setting up a network of extension stations for the promotion of new stock and crop breeds and better farming skills and machines.

Massive afforestation efforts under the project will improve the local environment and alleviate the shortage of animal feeds and fuels, Li said.

The three counties involved in the project, namely Guyuan, Pengyang and Longde, account for 59 percent of the autonomous region's area, where poor resources, infertile farms and frequent natural disasters have made the area one of the poorest places in China.

According to the authority, the three counties now have 639,000 people living under the official poverty line.

Project 4071 will cost 150 million yuan, of which half will be funded by 80,500 tons of grain donated by the United Nations World Food Program, Li said. The first batch of 14,500 tons of grain are expected to arrive by September.

In five years when the project is completed, the authority hopes that the local grain production will be double its current figure, and the average income of local farmers will rise above the poverty line.

To ensure the work quality of the project, Li said the project authority has invited experts and senior management staff to provide technological supervision and consultancy services.

United States & Canada

Vice Premier Li Lanqing Meets U.S. Automaker

OW2306124994 Beijing XINHUA in English 1235
GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Wayne Booker, executive vice-president of Ford International automotive operations of the United States.

Li spoke highly of the cooperation between Ford and the Chinese side, and said that there was great potential in China's auto industry.

Booker and his party arrived here today at the invitation of the Ministry of Machinery Industry of China.

During their stay in China, they will discuss cooperation in manufacturing auto components with relevant departments of China.

U.S. Says Agricultural Sales to China Underreported

OW2306200294 Beijing XINHUA in English 1930
GMT 23 Jun 94

[Text] Washington, June 23 (XINHUA)—The actual U.S. agricultural sales to China last year exceeded 500 million U.S. dollars, although the official figure was 372 million dollars, the U.S. Department of Agriculture said today.

The official statistics, the department's foreign agricultural service said, "do not reveal the true level of trade with China," and re-exports to China from Hong Kong and informal trade should be included.

According to the department's latest agriculture trade highlights, most of the U.S. agricultural sales to China are bulk products such as wheat and cotton. Forest products sales are also significant.

It estimated that in 1993, total U.S. consumer food shipments to China were 221.8 million dollars, six times greater than official direct shipments, making China the 12th largest U.S. consumer food market.

Among the most popular U.S. consumer food in China, according to the report, are poultry meat products, such as chicken paws and wings, in addition to snack foods, including fruit and nuts, and fresh fruit.

Company Leaders Compare Notes on Business Opportunities

OW2406003994 Beijing XINHUA in English 0019
GMT 24 Jun 94

["Feature" by Zhao Renfang]

[Text] New York, June 23 (XINHUA)—Business leaders attending the conference on business opportunities in China here today were not just talking, many of whom had already gained experience of doing business there.

Their successful stories, strategies to tackle the China market, practical ways of doing business, the difficulties and obstacles they encountered there and the cultural differences were shared among the meeting attendants. Most of the speakers agreed the chances were there, the challenges there, but the important thing now was how to get down to real business.

The conference on business opportunities in China was held with participants of big name companies in the United States and some businesses from Asia-Pacific region.

The two-day conference, organized by World Congress Inc. and sponsored by Nynex Company (New York telephone company) in New York, drew some 100 representatives from business companies, government agencies and research institutions.

Well-known names such GM-Hughes Electronics, Export-Import Bank of the United States, Dupont Company, McDonnell Douglas and the National Committee of U.S.-China Relations were presented at the conference, which as the world congress said, was the first of a series on global market.

At the conference entitled "Business Opportunities in the People's Republic of China", companies, which have been successful in their business there, such as GM Hughes, Dupont and McDonnell Douglas shared their experiences and exchanged ideas in the conference.

Different from some other meetings on China, it not only dealt with macro topics such as building on China's past to move into the 21st century but also micro ones such as ways to overcome transportation obstacles in China.

Arthur Wilson, director of the Nynex's China liaison, said that his company was very much interested in China market, especially the extensive telecommunication needs throughout China.

According to him, Nynex, which will turn its expertise in northeastern America into international operation, was always willing to help China's telecommunication companies and organizations improve and promote the communication system there.

In an interview with XINHUA, Charles P. Collins, managing director of the International Business Network, which has operated a China business information program on its computer system, noted that there were great opportunities to do business in China and the interest was still growing. So to cope with the need of original information about China, his company established the China program on-line service to help foreign businessmen get first-hand information about China.

Now that with interest in China becoming more and more specific, Vidar J. Jorgensen, managing director of the world congress, said that his congress was planning another conference next year.

The conference is expected to cover finance, financial service and investment and actual operations, he said. People were now not only satisfied in talking about opportunities but also the real business.

Northeast Asia

Vice Premier Li Lanqing Meets With Japanese Guests

OW2306115294 Beijing XINHUA in English 1145
GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with a delegation from the Japanese Chado Urasenke headed by Soshi Sen, the 16th Grand Tea Master of Japan.

This is the 62nd delegation sent to China by the Japanese Chado Urasenke.

The Japanese guests arrived here at the invitation of the Chinese State Education Commission.

DPRK, U.S. To Resume 3d Round of Talks in Geneva

OW2306152694 Beijing XINHUA in English 1445
GMT 23 Jun 94

[Text] Pyongyang, June 23 (XINHUA)—Third-round talks between the Democratic People's Republic of

Korea (DPRK) and the United States aimed at finding a solution to the nuclear issue and improving relations between the two countries are to be held in Geneva in the first week of July.

A DPRK spokesman said: "We expect the talks to be on a fair and equal basis so that a substantial agreement may be reached for a fundamental solution to the nuclear issue and for the improvement of relations between the DPRK and the United States as a whole."

Meanwhile, the DPRK also announced today that it will allow the International Atomic Energy Agency (IAEA), the Vienna-based U.N. nuclear watchdog, to keep its two inspectors and monitoring equipment in place at the Yongbyon facility.

In Washington, President Clinton said Wednesday [22 June] that Pyongyang has agreed to freeze its nuclear program, adding that Washington would now resume diplomatic talks and drop a call for U.N. sanctions.

"Although these developments do not provide a solution to the problem they do mark a new opportunity to find a solution," Clinton said at a news conference.

DPRK Allows IAEA Inspectors To Continue Work

OW2306145094 Beijing XINHUA in English 1436
GMT 23 Jun 94

[Text] Pyongyang, June 23 (XINHUA)—The Democratic People's Republic of Korea (DPRK) has agreed that two inspectors from the International Atomic Energy Agency (IAEA) can continue their work at the country's nuclear facilities.

Ho Hyo-pil, vice director of the secretariat [title as received] of the Committee for the Peaceful Reunification of the Fatherland, said that the decision followed a request by the IAEA.

He said that it reflected the DPRK's magnanimity and served to prove the transparency of its declared peaceful purpose of nuclear development.

The two IAEA inspectors arrived in Pyongyang on May 17 to carry out checks at the Yongbyon radiochemical laboratory.

On June 13, the DPRK announced its withdrawal from the IAEA, the world's nuclear watchdog body, and refused any further IAEA inspections of its nuclear facilities from that date.

This followed an IAEA decision on June 10 to impose sanctions against the DPRK.

At a press conference today, Ho distributed a memorandum, prepared by the Committee for the Peaceful Reunification of the Fatherland, which accused South Korea of stockpiling plutonium in secrecy and itself being engaged in the development of nuclear armaments.

The statement included a strong protest against what was described as the IAEA's "injustice" and "double standards" over the nuclear issues of the South and North sides of Korea.

Column Views Beijing's Advice to DPRK

HK2406093094 Hong Kong HSIN PAO in Chinese 24 Jun 94 p 25

["Beijing political situation" column by Jen Hui-wen (0117 1979 2419) on 22 June 1994 in Beijing: "Inside Story About China Briefing DPRK on How To Act"]

[Text] The situation on the Korean peninsula has been relaxed and tense intermittently over the past year or so due to the dispute concerning the nuclear issue in the DPRK. However, since mid-June, when former U.S. President Jimmy Carter went to Pyongyang on invitation to hold talks with DPRK President Kim Il-song, the situation has eased. U.S. President Bill Clinton has said that there are signs of a solution to the dispute over the DPRK, the U.S. representative to the UN has also suspended a plan to propose sanctions against the DPRK in the UN and has begun to study the credibility of Carter's report, and the ROK has suggested to the DPRK that a South-North preparatory meeting be held on 28 June in Panmunjom. In view of this, the international community generally thinks that Carter has been successful in his role as a "peace envoy."

Kim Il-Song Changes and Adopts a Softer Stance

Then what has been the change in the DPRK's position after Carter and Kim Il-song held talks? According to information, Kim Il-song expressed three basic points on behalf of the DPRK: First, the DPRK is willing to solve the dispute through talks with the United States, and if the DPRK can obtain diplomatic recognition from the United States, as well as assistance with light-water reactors from the United States or other countries, then the DPRK may freeze its current 200,000 kw atomic energy program; second, the DPRK is very pragmatic and realizes that it is no longer possible to promote communism in the ROK, so the DPRK will not launch an attack against ROK, however, if some people bring war to the DPRK, then the DPRK can only accept the challenge; and third, the DPRK does not want to be a victim of power politics and pressure and it cannot accept being a country with no military secrets, nor can it accept inspections of everything by international organizations as this is an issue of an independent country's sovereignty which cannot be violated. The first two points in the DPRK's position show a softer stance. Precisely because of this, the United States is no longer asking the DPRK to explain the 1989 incident (in 1989, the DPRK removed used nuclear fuel from its reactor at Yongbyon. The United States thought the DPRK might have used the nuclear fuel to make plutonium, which is required for a nuclear bomb, so it has been demanding an explanation from the DPRK), but has stressed the current action. Of course, while the United States is

adopting a more moderate attitude toward the DPRK, this is a step taken by it to redevelop [its relations] with Asia.

Regarding the third point of the DPRK's position, an expert on international problems in Beijing has said that this is the minimum demand of a sovereign country and is no cause for criticism, and the United States and the IAEA should not push excess demands over nuclear inspections in the DPRK. Furthermore, not long ago, the DPRK complained to the IAEA that it had acted favorably toward other countries but unfavorably toward DPRK. The DPRK had doubts and asked the IAEA: Japan now has a stock of plutonium which is enough for 100 nuclear bombs (the DPRK's plutonium is only enough to make a single nuclear bomb at most), both India and Pakistan have nuclear weapons, while Taiwan and South Africa are carrying out nuclear cooperation, while the United States is shipping many nuclear weapons to the ROK, but you do not say a word and just stare at DPRK. Is this fair? What the DPRK has said is not unreasonable. To put it bluntly, the United States wants to use this chance to topple the DPRK, and this is a component of U.S. strategy to carry out peaceful evolution in the socialist countries, therefore, it can hardly avoid evoking a strong reaction from the DPRK. In fact, the DPRK also wants to join the international community, but it cannot tolerate a change in its current system. If the United States looks only at the latter point, the consequence will be serious. Now, after Carter's mediation, the situation has temporarily eased, but the problem has not been completely solved.

Liu Huaqing Discusses Strategy With Choe Kwang

The easing of the situation on the Korean peninsula is also inseparable from China's role. Regarding a solution to the nuclear crisis in the DPRK, the United States has always wanted China to influence the DPRK. Although China has said publicly that it "has a limited role to play" and "not much to do," in fact, it has done a great deal of work regarding the DPRK.

Informed sources in Beijing disclosed that on 9 June, CPC General Secretary Jiang Zemin attended a forum held by the Army; when he talked about the nuclear dispute in the DPRK, he pointed out that China's steadfast position is to promote a nuclear-free Korean peninsula and safeguard peace and stability on the Korean peninsula. He disclosed that China had sent a party, government, and military delegation to the DPRK led by Ding Guangen, a member of the Political Bureau; Wen Jiabao, an alternate member of the Political Bureau; Wang Ruilin, a director of Deng's office; and Li Desheng, an old general.

The delegation explained China's abovementioned position to Kim Il-sung and indicated in concrete terms that if the DPRK pursued construction, China would do what it could to support it; if the DPRK developed nuclear weapons, China would be opposed to this; and if the DPRK was attacked by war, China would fulfill [lu xing

1462 5887] the Sino-DPRK Treaty. The delegation also invited Kim Il-sung to visit China in October to participate in China's 45th National Day celebration.

In mid-June, a DPRK military delegation led by Choe Kwang, chief of the general staff of the Korean People's Army, visited China. Liu Huaqing, vice chairman of the CPC Central Military Commission, talked sincerely with the delegation and hoped that the DPRK could fight on just grounds to its advantage and with restraint to win sympathy and support from the international community. In concrete terms, first, it should never take the initiative in causing trouble; second, its reaction to pressure from the international community should not be stronger than the pressure itself; third, in order to avoid friction, the armed forces at the demarcation line should be moved further from the contact line; and fifth, a political solution is the best strategy, stalling is the second best strategy, conflict is a bad strategy, and taking the initiative to launch an attack is the worst strategy. It should not emphasize the word "fighting," it should emphasize the word "talking."

The expert on international problems in Beijing pointed out that, out of the consideration for peace and stability on the Korean peninsula, the Asian region, and even the world, China has constantly upheld the principle of not exporting nuclear weapons technology, and for this reason China has been criticized by the DPRK. However, on the matter of how the nuclear crisis can be solved, China still sincerely suggested to the DPRK that this is the strategy it should take. Judged from the position stated by Kim Il-sung when he held talks with Carter, the effects of this strategy can be seen.

According to informed sources, China has always been very concerned about the situation on the Korean peninsula. When the situation became tense, China's State Council held a special meeting on 30 May to discuss the situation on the Korean peninsula. The meeting was presided over by Premier Li Peng and Qian Qichen, vice premier and foreign minister, gave a report.

DPRK Has Yet To Understand the Way To Build a Strong Country

Qian Qichen said at the meeting: "Promoting a nuclear-free Korean peninsula and safeguarding peace and stability on the Korean peninsula are basic goals persistently upheld by the Chinese Government regarding the nuclear issue on the Korean peninsula. These two goals conform to the basic interests of all countries in the East Asia region and should become a basic starting point in seeking a proper solution to the current problem."

Qian Qichen pointed out: "When faced with difficulties, the relevant sides must all the more stay calm and exercise restraint, must not rashly close the door to talks, and must try their best to allow room for and the possibility of talks to solve this problem. Sanctions are not helpful in solving the problem, could intensify the conflict, and may lead to consequences which no one wants to see."

He stressed that patient talks participated in by four parties and three sides (the DPRK, the ROK, the IAEA, and the United States) will have more practical effects than a solution sponsored by the UN.

Li Peng said that the DPRK should devote itself to developing its economy, then it would have more room for maneuver and greater influence.

The expert on international issues in Beijing thought that when China disapproves of the pursuit of nuclear weapons by the DPRK but supports its economic reform, it is in fact pointing out the way for the DPRK to build a strong country and bring affluence to its people. Obviously, so long as the economy is developed and comprehensive national strength is increased, foreign pressure will naturally decrease. However, it has been alleged that whenever senior DPRK officials hear China chanting the economic gospel, they become impatient. They still do not think; what a pity!

Southeast Asia & Pacific

Li Tieying Reaffirms Basic Policy of Opening Up

OW2306173994 Beijing XINHUA in English 1231 GMT 23 Jun 94

[Text] Canberra, June 23 (XINHUA)—Visiting Chinese State Councilor Li Tieying said today that foreign trade has played a prominent role in China's economic development.

In 1993, the total volume of China's import and export accounted for over 35 percent of its GNP, measured with the internationally accepted indicators, Li told the Australia-China Business Council in Melbourne this noon.

"Since 1979, China's total volume of foreign trade has been growing at an average annual rate of 16 percent," Li said in a speech at the luncheon in honor of him by the Council.

Li said that this rate is higher than the growth rate of China's GDP and that of the world trade during the same period.

Li, who is also minister in charge of the State Commission for Restructuring the Economic Systems, arrived in Melbourne this morning for a nine-day visit to Australia after ending his tour to New Zealand.

He told the host that China has maintained favorable trade terms and its foreign exchange reserve is kept at the normal level, reaching 21.2 billion U.S. dollars at the end of last year.

Li said that it is China's basic national policy "to further expand its opening-up to the outside world, vigorously develop its foreign trade and widely involved itself in international cooperation and exchanges."

Last year, China's total import stood at 104 billion U.S. dollars and is estimated to reach 1,000 billion U.S. dollars in the next seven years.

"China's development cannot be achieved without cooperation with other countries," Li said.

He also said that "China's development and cooperation with other countries are also important for the promotion of world's economic and trade development and the maintenance of global peace and stability."

On the Sino-Australian bilateral economic relations, Li said that last year, the two countries enjoyed a two-way trade of three billion U.S. dollars, up nearly 29 percent on the previous year.

Australia has so far invested in over 1,300 projects in China, with a total contracted investment of 1.25 billion U.S. dollars, making it the ninth largest investor in China.

China has also set up over 70 non-trade enterprises in Australia, with a total investment of 400 million U.S. dollars.

Li said that the two countries have broad prospects for cooperation in the fields of economy, technology, culture and education.

Singapore Firm Sets Up 1st Foreign-Funded Trailer Firm

OW2306111894 Beijing XINHUA in English 1105
GMT 23 Jun 94

[Text] Singapore, June 23 (XINHUA)—A leading Singapore-based manufacturer of trailer axles announced here today that it has established its first production facility in China to produce and distribute trailer axles and trailer components.

The manufacturer of trailer axles, York Pacific Holding Pte Ltd (York), which is also a distributor of integrated components for heavy transport equipment, said the new joint-venture company, named Qingdao York Transport Equipment Co Ltd (York Qingdao), will produce components under the "York" brand name.

York Qingdao is 60 percent owned by York and 40 percent owned by Qingdao/CAIEC Special Vehicle Co Ltd. it is also the first foreign funded joint venture to manufacture trailer axles in China, York said in a statement.

Qingdao/CAIEC Special Vehicles Co Ltd, the joint venture partner, is itself a joint venture between Qingdao Motor Fittings Factory and China National Automotive Industry Import and Export Corporation (CAIEC).

The CAIEC is the trading division owned by China National Automotive Industry Corporation, a central government authority overseeing the automotive industry.

York said the Qingdao factory, which has automated operation, will have a capacity to produce up to 12,000 axles a year from 1995.

"York Qingdao will enable us to establish a firm foothold in the China market for trailer axles and components. The strategic location will mean that we can have wide access into other provincial areas in China," Bob Cossins, York Group managing director said.

"The additional capacity provided by York Qingdao will also enable the group to meet anticipated increase in demand," he said.

The York Group manufactures trailer axles, assembles trailer suspension kits and distributes truck and trailer components. In addition to its headquarters in Singapore, the group has other operating subsidiaries located in Australia and Hong Kong.

Tunisian President Receives Luo Gan

OW2306200194 Beijing XINHUA in English 1853
GMT 23 Jun 94

[Text] Tunis, June 23 (XINHUA)—Tunisian President Zine El Abidine Ben Ali received Luo Gan, Chinese state councillor and secretary-general of the State Council, at the Carthage Palace in the Tunisian capital today.

During their friendly conversation, President Ben Ali recalled his China visit in 1991, saying it had left good impressions on him.

He also hailed China's accomplishments in developing the national economy and in tackling the problems of food, clothing and housing.

The Tunisian head of state described relations between his country and China as excellent, emphasizing Tunisia's wish to promote bilateral ties of friendship and cooperation in all spheres.

Luo Gan conveyed to President Ben Ali sincere greetings and wishes from Chinese President Jiang Zemin.

He pointed out that the exchange of visits by senior officials of both states would better acquaint the two sides and augment the existing and fruitful friendship and cooperation ties.

Luo further praised achievements made by Tunisia in safeguarding national sovereignty and independence, developing the national economy and raising the living standards of the Tunisian people.

Chedli Neffati, secretary-general of Tunisia's ruling party, the Constitutional Democratic Assembly, also met with Luo today.

The Chinese official and the accompanying delegation arrived here Tuesday [21 June] on a four-day visit to Tunisia.

New Zealand Delegation Seeks Investment Opportunities

OW2406094794 Beijing XINHUA in English 0939
GMT 24 Jun 94

[Text] Beijing, June 24 (XINHUA)—A New Zealand trade delegation comprising 70 entrepreneurs is now in China, probing new investment and cooperation opportunities.

The delegation, the largest ever from that country, led by Minister of Trade Negotiations Philip Burdon, is expected to lead to a new "investment wind" blowing from the South Pacific island nation, trade officials from both countries believe.

In the trade group are representatives from New Zealand's leading enterprises, such as Fletcher Challenge, Calt Hatt and the Lion Company, which have already invested in China. They will tour Tianjin, Suzhou, Chongqing and Guangzhou to discuss specific cooperation projects with local officials in addition to holding two trade seminars in Beijing and Shanghai, respectively.

In his talks with Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi, Burdon said that his country attaches great importance to developing trade and economic ties with Asian countries. China in particular. The New Zealand Government has also launched the "Asia-2000" strategic plan targeting the shifting of its trade focus from the traditional European markets to Asia.

With the implementation of the plan two years ago, New Zealand-China economic ties have entered a new stage in which sole trade has given way to a variety of methods of economic cooperation. China so far is New Zealand's tenth-largest export destination and its sixth-largest import source, involving a total trade volume of more than 500 million U.S. dollars last year, a rise of 14.5 percent over 1992.

The first quarter of this year saw the bilateral trade rise to more than 93 million U.S. dollars, up 12.6 percent over the same period of last year. Chinese exports are mainly garments and textiles and electronic appliances, and imports are mainly resource-based products such as wool, timber, coal and iron ore.

As a traditional capital absorbing country, New Zealand has in recent years encouraged its enterprises to invest in China. By the end of last year New Zealand had invested in 148 enterprises in China involving a total capital of nearly 70 million U.S. dollars. Last year alone they set up 76 joint ventures in pasture development, feedstuffs, woolen textiles, fishing, computers and inland oil exploration. The total contracted capital of 44.5 million U.S. dollars was more than the previous year's total.

A New Zealand trade official said that the investment wind is expected to blow stronger along with China's economic development and opening drive.

Over the past few years Chinese enterprises have also invested in New Zealand. They run more than 20 joint ventures with investment much larger than that poured by New Zealand into China.

Near East & South Africa

Qian Qichen Meets Jordanian Visitors

OW2306134394 Beijing XINHUA in English 1327
GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here today with a Jordanian Government delegation headed by Kamel Abu-Jaber [name as received], former minister of foreign affairs, senator and member of the senate's foreign affairs committee.

Jaber told Qian the group came to learn more about the preparations for the fourth world conference on women, to be held next year in Beijing, and to explore ways of cooperation.

China and Jordan have enjoyed good relations, Qian said, voicing the hope that the two countries will have effective cooperation in the conference and other spheres.

They also exchanged views on the Middle East and other topics of common interest.

The delegation arrived here on June 19 at the invitation of the All-China Women's Federation.

State Councillor Luo Gan Meets With PLO's Qaddumi

OW2406101094 Beijing XINHUA in English 0952
GMT 24 Jun 94

[Text] Tunis, June 24 (XINHUA)—Faruq Qaddumi, chief of the PLO Political Department, met with Luo Gan, state councillor and secretary general of the Chinese State Council Thursday [23 June] night for talks on the latest Palestinian developments and bilateral relations.

Qaddumi briefed Luo Gan on the latest developments in the implementation of the Palestinian-Israeli agreement on self-rule in the Gaza Strip and Jericho, saying, "the implementation of this agreement ushers in a new phase" for the Palestine Liberation Organization.

He explained that although the PLO encounters some problems, it is committed to the peace process in the Middle East and is seeking to attain a final goal of restoring all legitimate rights of the Palestinian people.

The Chinese official said that reaching an agreement on Palestinian self-rule in the Gaza Strip and Jericho between the PLO and Israel and its implementation is a major breakthrough in the Middle East peace process.

He expressed his belief that despite hurdles on the way of implementing the agreement and the future Palestinian-Israeli negotiations, the Middle East peace process will forge ahead so long as all parties concerned adopt realistic positions.

The Chinese official said that the PLO will have to handle several challenges in the forthcoming stage, such as economic development, social stability and upgrading the living conditions of the Palestinian people.

He voiced confidence that the PLO will pursue a policy which will best guarantee successful implementation of

the self-rule agreement so as to provide a sound basis for an overall and just settlement of the Middle East issue and regain the legitimate rights of the Palestinian people.

The Chinese official said that the government and people of China will as always support the peace process in the Middle East and contribute to the Palestinian economic reconstruction.

The Chinese official arrived in Tunis Tuesday on a four-day good-will visit to Tunisia and is scheduled to leave for Libya later today.

Political & Social**'Authoritative' Source Reports Deng Visit to Qingdao**

HK2406034994 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0609 GMT 23 Jun 94

[Text] Hong Kong, 23 Jun (ZHONGGUO TONGXUN SHE)—An authoritative Beijing source disclosed that, accompanied by Central Military Commission Vice Chairman Liu Huaqing, Deng Xiaoping toured Qingdao, Shandong recently and talked about three fundamental issues concerning the development of the state.

Deng Xiaoping pointed out that first, except when an inevitable large-scale war breaks out, the principle of taking economic development as the center must never change, the policy of reform and opening up must never change, and the party's basic line must remain unshakable for 100 years to come.

Second, it is necessary to sum up the lesson of the former Soviet Union and it is necessary to properly handle the relationship between the center and the localities.

Third, it is necessary to stick to the CPC's leadership and the CPC's ruling status must never be shaken. China must not pursue a multiparty system.

A report carried in Hong Kong WEN WEI PO today said that Deng Xiaoping has requested party and government cadres to take note of upholding these three issues, which have already been relayed to central high-ranking personalities.

Urges 'Orderly Succession'

HK2406035194 Hong Kong SOUTH CHINA
MORNING POST in English 24 Jun 94 pp 1, 10

[By Willy Wo-lap Lam]

[Text] Patriarch Deng Xiaoping has asked China's top generals to safeguard an orderly succession and to defuse unrest that might occur after his death.

Chinese sources said while Mr Deng's health remained precarious, he was fit enough to do short-term travelling.

Leaving weighty matters of state to lieutenants including President Jiang Zemin and Vice-Premier Zhu Rongji, the patriarch has devoted his energy to ensuring a smooth succession.

Informed sources said in a secret talk to about 20 senior generals earlier this year, Mr Deng spelled out a two-pronged strategy for guaranteeing a trouble-free succession.

"Rally round comrade Jiang Zemin as the core of the new leadership," Mr Deng told the gathering of top brass, who included former president Yang Shangkun, one of Mr Jiang's major rivals.

"Uphold political stability at all costs. Provide help to the party and the Government in maintaining social order. Bolster central authority and check the growth of regionalism."

The patriarch specifically asked his long-time comrade-in-arms General Liu Huaqing to help Mr Jiang, Mr Deng's successor as Central Military Commission (CMC) chairman, consolidate his hold over the People's Liberation Army and the paramilitary People's Armed Police.

Under Mr Deng's overall guidance, Mr Jiang, General Liu and the generals laid down contingency plans through which urban riots could be contained and defused.

Military sources said after having secured the loyalty of the generals, including the commanders and commissars of the eight military regions, Mr Deng and Vice-chairman of the CMC, General Liu, are confident that the centrifugal tendencies of a number of powerful regional cadres could be held in check.

In return, the army officers have been assured a big budget and a large say in civilian matters, particularly foreign policy.

The Chinese-run Hong Kong daily, WEN WEI PO, reported yesterday that Mr Deng recently toured Qingdao in eastern Shandong province.

It quoted authoritative sources in Beijing as saying Mr Deng was accompanied by General Liu and that he had given instructions on maintaining stability.

The report was yesterday denied by the Chinese Foreign Ministry spokesman Wu Jianmin.

Asked to clarify Mr Deng's whereabouts, Mr Wu said: "Mr Deng Xiaoping is wherever he is."

Sources in Beijing said however, that Mr Deng had indeed travelled out of Beijing, and that he had spent time with General Liu on ways to promote stability.

The sources said the senior leader paid a week-long visit to Shanghai in late April.

The patriarch's recent edicts are similar to those reported in WEN WEI PO yesterday.

"To ensure the longevity of Communist-Party rule, we must absolutely not change the policy of taking economic construction as the national core," Mr Deng reportedly said.

"Taking the lesson from the former Soviet Union, we must handle well the relationship between the centre and the regions.

"We must uphold Communist Party leadership. The ruling status of the Communist Party must not be compromised. China cannot have a multi-party system."

What WEN WEI PO has not reported is that Mr Deng has given instructions to the PLA, his major power base to "provide imperial escort" to his policy.

WEN WEI PO Editor Stands by Report

HK2406062694 Hong Kong EASTERN EXPRESS in English 24 Jun 94 p 1

[By Bruce Gilley]

[Text] An official Chinese denial of a report on the paramount leader, Deng Xiaoping, has created a rift with a Beijing-controlled newspaper in Hong Kong.

China's Foreign Ministry yesterday denied a report in WEN WEI PO that the patriarch recently visited the Shandong province seaside resort of Qingdao.

"This report is not accurate," a spokesman, Wu Jianmin, told a regular news conference in Beijing. Switching from Chinese to English for emphasis, he added: "It is not true."

Sources in Qingdao added they were sure Deng had not been there.

"We would have known the day he arrived and been immediately instructed by city officials whether we could reveal it or not," a journalist in Qingdao said. Another source in the city added that no senior official from Beijing had stayed recently at the Eight Great Passes Scenic Area Resort, the official residence for senior leaders visiting the city.

The report may have been an attempt to contradict growing rumours of Deng's deteriorating health, which have been fuelled by television pictures of an emaciated and stunned-looking figure shuffling along the streets of Shanghai supported by his two daughters during the lunar new year holiday.

The Chinese leader's health has been of particular concern in Hong Kong, where "the Deng factor" has a strong effect on markets, business and politics.

The report quoted Deng, 89, as saying China's economic reforms and its policy of opening to the outside world would not change "unless there is an unavoidable large-scale war". It was reported that Deng also ruled out a multi-party political system.

WEN WEI PO's editor-in-chief, Liu Zaiming, said yesterday the paper stood by its report.

"I know about the Foreign Ministry statement. But what we have reported is what we believe," he said.

The newspaper is controlled by China's Communist Party through the Hong Kong branch of the NEW CHINA NEWS AGENCY (XINHUA).

It would not be the first time it has printed an erroneous story about the patriarch.

Last December, it reported Deng had gone to vote in Beijing municipal elections when it was widely known that he was in Shanghai.

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Paper Carries Spokesman's Denial

HK2406040594 Hong Kong TA KUNG PAO in Chinese 24 Jun 94 p

["Special dispatch": "Hong Kong Newspaper Carries False Report on Deng Xiaoping; Chinese Foreign Ministry Spokesman Makes Clarification"]

[Text] Beijing, 23 Jun (TA KUNG PAO)—Chinese Foreign Ministry spokesman Wu Jianmin said that the front-page news in today's Hong Kong WEN WEI PO about Deng Xiaoping's recent visit to Shandong in the company of Central Military Commission Vice Chairman Liu Huaqing was not true. There was no such a thing.

At today's foreign ministry press briefing a Taiwan reporter, who was the first to raise a question, asked Wu Jianmin to confirm the aforementioned news. Instead of evading, Wu Jianmin replied straightforwardly: "This question should not have been answered by the Foreign Ministry but, since you have raised it, I would like to tell you that the news is untrue, it is not correct. There is no such a thing."

Following that, a Hong Kong reporter made a further inquiry: "Where, then, is Deng now?" Wu Jianmin replied with laughter: "Mr. Deng is wherever he is."

When it was time for the last question, a REUTER reporter asked: If the news is incorrect, why did WEN WEI PO front-page it?

Wu Jianmin replied: I am the spokesman for the foreign ministry and not for WEN WEI PO. You had better ask WEN WEI PO that question.

Further Reportage on Denial

HK2406043594 Hong Kong MING PAO in Chinese 24 Jun 94 p A2

["Special dispatch": "Beijing Denies WEN WEI PO Report on Deng Xiaoping's Visit to Qingdao"]

[Text] A Chinese Foreign Ministry spokesman openly denied the news about Deng Xiaoping's recent visit to Qingdao, Shandong, carried in Hong Kong's pro-China WEN WEI PO yesterday. Regarding the news, spokesman Wu Jianmin said at the press briefing yesterday: "The news is not true. There is no such a thing."

To prove the inaccuracy of the report, Wu stressed in English: "It is not true."

When a reporter further inquired about the whereabouts of Deng Xiaoping and asked whether Deng was recuperating somewhere around Qingdao, Wu Jianmin did not answer the question directly. He simply said: "Mr. Deng Xiaoping is wherever he is."

Yesterday, WEN WEI PO front-paged a report which said: "During a recent tour of Qingdao, Deng Xiaoping discussed three major issues concerning China's development: First, the principle of taking economic development as the center must never change; second, it is necessary to sum up the lesson of the former Soviet Union and properly handle the relationship between the center and the localities; and third, uphold party leadership and do not practice a multiparty system."

However, a Qingdao government official yesterday denied the report about Deng Xiaoping's recent inspection tour of the city. In response to an inquiry from a MING PAO reporter, the official said there was no such thing.

In a telephone inquiry FROM MING PAO reporter Zhang Qingyun, the first deputy editor-in-chief of WEN WEI PO, refused to make any comment on the paper's response to the matter.

Wu Xueqian Addresses Anniversary Forum on Coexistence

OW2406092294 Beijing XINHUA in English 0850
GMT 24 Jun 94

[Text] Beijing, June 24 (XINHUA)—Senior Chinese leader Wu Xueqian said here today that the five principles of peaceful coexistence, which were promulgated 40 years ago by China, India and Myanmar (Burma), marked a milestone in the history of modern international relations.

Wu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), told a CPPCC forum marking the 40th anniversary of the five principles that they "embody the ideas of sovereignty, equality, mutual benefit and peace in the new era of international relations."

The five principles of peaceful coexistence, namely mutual respect for sovereignty and territorial integrity, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence, were first formulated by China and later advocated by China and its neighboring countries of India and Myanmar in 1954.

Wu noted that in the diversified world the five principles, antagonistic to hegemonism and power politics, have received the sincere support of most countries.

He pointed out that China is not only an advocate but also a faithful follower of the principles. "China has never occupied even an inch of any other country's territory, nor has it interfered in any other country's internal affairs," he added.

Wu stressed that China will constitute no threat to any state or region, even after it becomes stronger economically.

He went on to say that the international situation remains disorderly, and hegemonism and power politics still exist even after the Cold War. As early as in 1974, Wu continued, Deng Xiaoping proposed at a special UN conference that the political and economic relations between countries should be set up on the basis of the five principles.

In 1988, Wu said, Deng further proposed that a new type of political and economic world order should be established in accordance with the five principles. "These ideas are becoming the common understanding of more and more countries," he added.

Among those attending the forum were Ngapoi Ngawang Jigme and Zhao Puchu, both vice-chairmen of the CPPCC National Committee.

Source: Dissident To Be Released in 'Near Future'

HK2406035294 Hong Kong SOUTH CHINA
MORNING POST in English 24 Jun 94 p 9

[By Willy Wo-lap Lam]

[Text] Beijing has been more forthcoming in providing information about prisoners of conscience, according to veteran human rights lobbyist John Kamm.

And a senior source in the human rights movement has indicated China may release famous dissident Ren Wanding in the near future.

In meetings officials in the Justice Ministry earlier this week, Mr Kamm was given information concerning the whereabouts of 10 little-known detainees.

"The judicial authorities were willing to give a systematic account of a number of prisoners of conscience I raised with them, including age, sex, occupation, health conditions and their attitude in prison," Mr Kamm said in Hong Kong yesterday. "This is an encouraging development."

For example, the lobbyist was told that Zhai Decheng, sentenced in 1983 to 15 years, escaped after 10 months in jail. Zhai (sometimes known as Cai), a worker who was detained for putting up "counter-revolutionary posters", escaped from Kaifeng Prison in Henan province in October 1984 and has not been recaptured.

Qi Dafeng, a former graduate student who is serving two years in a re education through labour camps for meeting America-based student dissident Shen Tong in late 1992, has had his sentence extended by three months. Qi, originally due for release this year, was criticised by judicial officials for "refusing to submit to discipline," Mr Kamm said.

Details of the conditions of Yu Dongyue, Kajikhumar Shabdan and Jampel Changchup were also given.

Yu, 29, is serving a life sentence in Hunan No. 1 prison for spilling ink on Chairman Mao's portrait in Tiananmen Square.

Shabdan, 71, a Kazakh was detained in 1987 for alleged espionage. He was given a 15-year term to be served in Urumqi No. 1 Prison.

And Tibetan Changchup, 33, is serving a 19-year term in the Lhasa Prison, also for espionage.

Mr Kamm said he was told the number of jailed "counter-revolutionaries" in China was 2,935 at the end of March, compared with 3,036 at the end of 1993.

He said Chinese officials were aware that while President Bill Clinton had delinked human rights from trade, "that's not the same as saying that the human rights issue has been resolved".

Meanwhile, a source in the human rights crusade said yesterday he was given hints by officials that dissident intellectual Ren, sentenced to seven years in prison in 1991, might be paroled later this year.

"I was told that Ren's behaviour in jail is good and that he has followed the rules and regulations," he said. The source said, however, he was less optimistic about former senior official Bao Tong, the principal secretary of ousted party chief Zhao Ziyang.

Western government have been pressing Beijing to grant "medical bail" to Bao, who is serving a seven year term.

"The authorities do not dispute that Bao is ill," the source added. "But they claim they do not think he can receive better medical treatment out side prison."

Report on Leaders' Activities 17-24 Jun

OW 2406060794

[Editorial Report] PRC media monitored by Okinawa Bureau carried the following reports on PRC central leadership activities from 17 to 24 June 1994. The source is noted in parentheses after each report.

Zou Jiahua Greets Computerization Seminar—State Council Vice Premier Zou Jiahua sent a congratulatory letter to a national seminar on development strategy for economic information computerization which concluded on 17 June. Zou Jiahua is also chairman of a national joint conference on economic information computerization that is responsible for implementing three projects promoting electronic data processing in the financial sector, forming a foreign trade information network, and establishing a network for the state's public economic information. (Beijing XINHUA Domestic Service in Chinese 0951 GMT 17 Jun 94)

Li Lanqing Receives Young Mathematician—On 17 June, State Council Vice Premier Li Lanqing received Tian Gang, a 35-year-old Chinese mathematician now working as a professor at New York University, and congratulated him on his academic achievements. (Beijing XINHUA Domestic Service in Chinese 1340 GMT 17 Jun 94)

Hu Jintao, Ren Jianxin Watch Tibetan Art Performance—On the evening of 18 June, Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau; Ren Jianxin, member of the CPC Central Committee Secretariat; and other leaders watched a performance in Beijing by the China Tibetan Art Troupe, which was recently sent by the State Council Press Office, the Ministry of Culture, the CPC Central Committee United Front Work Department, the State Nationalities Affairs Commission, and the Tibet Autonomous Regional Government on a performance trip to Austria and Sweden. (Beijing XINHUA Domestic Service in Chinese 1524 GMT 18 Jun 94)

Qian Qichen Attends Shenzhen Tourism Ceremony—State Council Vice Premier Qian Qichen on 18 June

attended the opening ceremony of a new major tourism attraction in Shenzhen—"Window on the World"—and met Hong Kong and Macao notables in Shenzhen for the ceremony. The "Window on the World" park features miniatures of famous scenes around the world. (Beijing XINHUA Domestic Service in Chinese 1549 GMT 18 Jun 94)

Yang Rudai Attends Returned Overseas Chinese Congress—The 5th Congress of All-China Federation of Returned Overseas Chinese closed on 18 June and elected Yang Taifang as president of the federation's fifth committee. Yang Rudai attended the closing ceremony. (Beijing XINHUA Domestic Service in Chinese 1113 GMT 18 Jun 94)

Chen Junsheng Contacts Wasteland Rights Auction—In a letter to a meeting held by the Ministry of Water Resources in Heilongjiang Province's Muling County on 18 June to auction off rights to develop wastelands, State Councillor Chen Junsheng said the auction of rights to use wastelands was a great beginning to arouse the enthusiasm of peasants in preventing soil erosion and harnessing resources under the new market mechanism situation. (Beijing Central People's Radio Network in Mandarin 2230 GMT 19 Jun 94)

Hu Jintao Sends Regards on Magazine Anniversary—The CHINESE WOMEN magazine, the first women's periodical published by the CPC, marked its 55th anniversary on 20 June. Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, telephoned his greetings to the magazine. He expressed the hope that the magazine would continue to carry forward its fine tradition, be bold in exploring and innovating, stay close to women, promote reform and development, and strive to make new contributions to the cause of building socialism with Chinese characteristics and to women's progress. (Beijing XINHUA Domestic Service in Chinese 1409 GMT 20 Jun 94)

Li Peng, Zou Jiahua Inscribe for Conference—State Council Premier Li Peng, Vice Premier Zou Jiahua, and State Councillor and Minister in charge of the State Science and Technology Commission Song Jian wrote inscriptions for a national work conference on the science and technology of electrical power which opened in Beijing on 21 June. Li Peng's inscription read: "Rely on Technological Advancement to Develop the Electrical Power Industry." (Beijing XINHUA Domestic Service in Chinese 0844 GMT 21 Jun 94)

Jiang Zemin, Others Inscribe for Air Unit—President Jiang Zemin and Vice Chairmen of the Central Military Commission Liu Huaqing and Zhang Zhen recently wrote inscriptions for the "Heroic Battalion" of an air force ground-to-air missile unit.

Jiang Zemin's inscription read: Build a Strong Ground-to-Air Missile Unit To Protect the Motherland's Air Space.

Liu Huaqing's inscription read: Maintain the True Color of the Heroic Battalion and Comprehensively Heighten the Combat Strength of the Armed Forces.

Zhang Zhen's inscription read: Carry Forward the Heroic Battalion's Glorious Tradition and Go All Out to Build Tough Armed Forces in Line with the Outline for Basic-Level Construction. (Beijing XINHUA Domestic Service in Chinese 0927 GMT 21 Jun 94)

Peng Peiyun Addresses Family Planning Forum—Peng Peiyun, state councillor and minister in charge of the State Family Planning Commission, spoke at a national forum of family planning committee chairmen in Yancheng city, Jiangsu Province from 17 to 20 June. Peng Peiyun pointed to the need to link family planning to economic development as well as the masses' interest in getting rich, and to provide quality support services to the masses. (Beijing XINHUA Domestic Service in Chinese 1032 GMT 21 Jun 94)

Li Lanqing Writes Inscription for Tibetan Award—Li Lanqing, vice premier and member of the CPC Central Committee Political Bureau, recently wrote an inscription for an award for outstanding Tibetans jointly set up by the China Tibet Development Foundation [CTDF] and Guizhou Province's (Qingsong) Cigarette Factory. The first award will be presented to outstanding educational workers from Tibet Autonomous Region and ethnic Tibetan areas in Qinghai, Sichuan, Gansu, and Yunnan Provinces. Ngapoi Ngawang Jigme, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the CTDF, attended and addressed a news conference on the award. (Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 21 Jun 94)

Li Tieying Writes Article on Training Enterprise Managers—On 22 June, 18 entrepreneurs were named "1993 Chinese Management Masters" based on essays sent to a writing competition for enterprise managers which was sponsored by the Development Research Center under the State Council. For the occasion CPC Central Committee Political Bureau Member Li Tieying published an article entitled "China Must Bring Up a Large Number of Its Own Management Masters." (Beijing XINHUA Domestic Service in Chinese 0823 GMT 22 Jun 94)

Wen Jiabao Inspects Floods in Hunan—Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, inspected flooded areas in Hunan's Changsha County on 21 June. He praised officers and men of a Hunan armed police detachment for their rescue and relief work during the flood. (Beijing XINHUA Domestic Service in Chinese 0728 GMT 23 Jun 94)

Li Lanqing Greets Forum on Developing Entrepreneurs—A forum on the development of Chinese entrepreneurs was held in Beijing on 23 June. Li Lanqing, vice premier of the State Council, wrote an inscription for the

forum: "To cultivate a contingent of high-caliber entrepreneurs is a task laid down by the Third Plenary Session of 14th CPC Central Committee and is a requirement for establishing a modern enterprise system and developing the socialist market economy." (Beijing XINHUA Domestic Service in Chinese 1028 GMT 23 Jun 94)

Authorities Seize 1000 kg of Heroin in 1st Quarter

HK2406061694 Beijing CHINA DAILY in English 24 Jun 94 p 3

[By Gao Jinan: "Dope Seizures and Addict Arrests up"]

[Text] China is to intensify its war against drug abuse and illicit trafficking, hoping to reduce drug-related crimes to the lowest possible level a top anti-drugs official said yesterday in Beijing.

Close cooperation among police and customs in all provinces and with the international community will be needed to fight the drug war, the official warned.

Zhuo Feng, deputy secretary general of the National Narcotics Control Commission, made these remarks just before the International Day Against Drug Abuse and Illicit Trafficking which falls on Sunday.

All provinces and cities will stage public awareness activities to alert people about the dangers of drugs.

In the first quarter of this year, more than 4,910 narcotics-related cases were solved and 6,624 suspects were detained. This marked a 64.6 percent and 40 percent increase over the same period last year.

Seizures included 1,007 kilograms of heroin and 476 kilograms of opium, Zhuo said.

Last year, a total of 26,191 drug cases were cracked and 40,834 suspects were detained.

During that year police and customs seized 4,459 kilograms of heroin, 3,354 kilograms of opium and 90 tons of chemicals which could be made into narcotics.

Among the detained, 6,137 were sentenced. Some 1,410 received death sentence or terms of life imprisonment.

China's anti-drug campaign has focused on the Guangxi Zhuang Autonomous Region and Yunnan Province, both bordering the notorious "Golden Triangle" in Myanmar [Burma], Thailand and Laos.

The border provinces accounted for about 80 per cent of the heroin and 70 percent of the opium seized in the country in the first three months this year, Zhuo said.

Estimates of the number of drug addicts in the country stand at 250,000. Over 400 drug rehabilitation centres have been established to help the addicts quit their criminal vice.

Last year, about 50,000 gave up their addiction after treatment in the centres, he said.

He also revealed that 982 HIV positive cases among the 1,106 found in the mainland were caused by drugs addiction and injection.

HIV is a major virus which can lead to AIDS.

Zhuo said that his commission and the Ministry of Public Security have drafted a set of rules to force drug addicts to quit. The rules have been submitted to the State Council and are expected to be approved and implemented later this year.

The country has been actively cooperating with international organizations on narcotics control. Personnel training and information exchanges on drug trafficking cases have been carried out with some countries.

The narcotics control programme of China, Myanmar and the UN is being carried out smoothly and China's cooperation with Thailand and Laos in this field has also been strengthened.

Government, NPC Launch Publicity Drive on Legal System

OW2406094094 Beijing XINHUA in English 0837 GMT 24 Jun 94

[Text] Shanghai, June 24 (XINHUA)—Traditionally Chinese people who were wronged used to seek help from the government.

Nowadays more and more people go straight to lawyers and courts to ask for justice and protection.

Not long ago an ordinary woman worker from Fotang town in Yiwu city, Zhejiang Province, succeeded in winning a lawsuit against a local official who had raped her.

"The reason why I went directly to the court and not to the government office was that I believed that the law had absolute power and I was afraid that the government might shelter the official," said the young lady, who preferred to remain anonymous.

Influenced by the 2,000-year old feudal tradition, the idea of "power overriding the law" used to be deep-rooted among the Chinese.

But since the founding of the People's Republic of China in 1949, the Chinese Government has formulated a package of laws and regulations, including the "Constitution of the People's Republic of China," and laws concerning administrative procedure, compulsory education, marriage, environmental protection, food hygiene and protection of the legal rights of disabled people.

Provincial governments have worked out a series of regulations and rules in line with local conditions.

Deng Xiaoping once said, "We must inculcate the idea of law into the minds of the people and enable more and more people to avoid violating the law but instead positively uphold the law."

In answering the call, the central government and the National People's Congress have launched a publicity drive on the legal system among the broad masses of the people.

Armed with a general knowledge of the law, people dare to bring suits against anyone who wrongs them.

Liu Daiguo, a blacksmith of Longguan village in Neijiang city, Sichuan Province, was suspected by the local police of disposing of stolen goods. All his iron and steel, which he had purchased through legal channels and his business license were confiscated. Liu appealed to the local court, which ordered the police to compensate Liu for his loss.

Failing to persuade her husband to confess his crime of bribery to a local procuratorate, a woman living on the outskirts of Shanghai reported him to the procuratorate herself.

A survey of the coastal areas shows that local procuratorates have received 92,317 letters and telephone calls of complaints over the past six years.

China has formed a network of judicial organs, and lawyers are respected and regarded as important by the people, who rely on them to protect their legal rights.

At present, more than 1,000 families, most of whom include public figures or private businesses, in Shanghai have employed lawyers.

In addition, notarization has been introduced into the daily life of the family.

Many families have their rights of inheritance, property and real estate notarized.

In Guangzhou, capital of Guangdong Province, there are 14 notaries public.

NPC Spokesman Discusses Upcoming Session

OW2406090394 Beijing XINHUA in English 0840 GMT 24 Jun 94

[Text] Beijing, June 24 (XINHUA)—China's first banking law, the Draft Law on the People's Bank of China, is to be submitted to the National People's Congress, the country's top legislature, for deliberation starting on June 28, after 15 years of formulation and repeated revisions, a NPC spokesman said here today.

The draft law is to specify the position and responsibilities of the People's Bank as the central bank, and uphold the authority of monetary policies. Zhou Chenggui told a press conference on the upcoming Eighth Session of the Eighth NPC Standing Committee.

The new law will also be "necessary for supervision and control over China's financial industry, and the establishment of the macro adjustment system with the central bank as the core," he said.

In the eight-day meeting ending July 5, the draft arbitration law and the draft auditing law will also be submitted to the legislators for review.

The formulation of the arbitration law aims at improving China's arbitration system, better solving economic disputes and maintaining social economic order, Zhou claimed.

"It will help to develop China's socialist market economy, and promote international economic and trade exchanges and cooperation," he said.

The legislature will continue its review of the draft securities law, which has already been deliberated in two sessions.

Zhou disclosed that there are some "major changes" to the previous version of the draft law this time, based on the reviews by the lawmakers and opinions of people from all walks of life.

He said the NPC Standing Committee session will also deliberate the Draft Labor Law, the Draft Urban Real Estate Law and the Draft Regulation on Punishing Copyright Violators. These were submitted to the legislature in the previous two sessions.

Also included on the agenda are the examination of the 1993 final state accounts, a review of the State Council reports on China's forestry industry and NPC special committees' reports on the implementation of the statistics law and the teachers law.

Floods Cause 'Serious Damage' to Main Railway Lines

HK2406102994 Beijing ZHONGGUO XINWEN SHE in English 0820 GMT 24 Jun 94

[Text] Beijing, June 24 (CNS)—The trunk railway lines, including those between Zhejiang and Jiangxi as well as between Guangxi and Guizhou, were badly stricken and a great loss was caused because of the torrential rain which hit the southern area of the Yangtze River and South China since mid-June and led to torrents of water rushing down the mountains and floods.

There were 14 main railway lines affected by floods as of June 19, according to the Ministry of Railways. A breakdown of railway service happened on 42 occasions, which resulted in a loss of rail service time of up to 371 hours, a rise of 237 hours over the same period last year. Loading and unloading services were affected, involving some 2,000 cars in the railway system on average each day. Incomplete statistics showed that direct economic damage to the railway lines resulting from the floods was

put at over RMB 70 million [renminbi], while indirect economic loss because of breakdown of rail service was much more serious.

As the flood season came earlier than normal with a violent impact, railway lines in central Fujian Province were affected by landslides because of torrents or water rushing down the mountain between May 1 and 3. A 27-kilometre section of the Yingtan-Xiamen railway line was buried by a mud-rock flow, which led to a breakdown of rail service of up to 68 hours. Railway service between Zhejiang and Jiangxi and that between Guangxi and Guizhou came to a halt mainly due to the floods.

Guangdong and Hunan were violently hit by rainstorms. Railway service was seriously affected, including the railway lines between Beijing and Guangzhou, between Hunan and Guizhou, as well as between Hunan and Guangxi, all of which are under the jurisdiction of the Guangzhou Railway Administration. Along these lines landslides and sections submerged in water took place in 60 places, and the water level at seven bridges was well over the warning line.

The southern part of China is still subject to heavy rain in recent days, according to weather forecasts. A flood control command was set up by the ministry and various railway administrations, and a 600,000-strong emergency team was also established to stand by in a bid to fight possible floods and ensure the safety of railway service.

Science & Technology

Center Researching Ozone Depleting Substitutes

OW2406092994 Beijing XINHUA in English 0814 GMT 24 Jun 94

[Text] Hangzhou, June 24 (XINHUA)—An ODS [ozone depleting substances] substitutes research center has been set up here to help protect the ozone layer and the global environment.

The main task of the center is to improve the research and development of substitutes for ozone depleting substances (ODS), by developing new products and technology.

The research center was set up on the basis of the chemical industry research center in Zhejiang Province under the Ministry of Chemical Industry.

Zhejiang is an important production base of fluorine raw material ore in China. The amount of reserves, production and exports account for one-third of the total in the whole country.

The Zhejiang Chemical Industry Institute has successfully worked out dozens of substitutes for freon that do little harm to the ozone layer. Some are under test use and are supplied to major refrigerator enterprises.

The substitute for another ozone depletion substance—halon, a fire extinguishing agent—is under development.

ODS are mainly used in industrial cooling and electronic cleansing devices. When the substances are released into the atmosphere they are likely to destroy the ozone layer, which absorbs ultra-violet light and reduces the sun's radiation.

China is the biggest ODS producer and consumer among the developing countries. It joined the Vienna pact for the protection of the ozone layer in 1989.

In 1992 China drew up its first national program for progressively eliminating ozone depleting substances.

CAS Research Team Developing High-Definition TVs

OW2306081694 Beijing XINHUA in English 0712 GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—China is striving to capture a foothold in the high-tech domain of high-definition (HD) TV sets.

Ye Peida, head of the country's HD TV research team, said, "otherwise, China will lose a tremendous TV market and a golden opportunity to bolster its overall national strength with new technology."

Ye is an academican of the Chinese Academy of Sciences (CAS).

Chinese and foreign experts have predicted that a global market worth several billion U.S. dollars for HD TV sets and related products will take shape by the end of this century.

They expect a Chinese market of some 800,000 sets valued at 2.4 billion U.S. dollars a year by that time.

Ye said that China has mapped out its strategic development goal for HD TVs, which stipulates that by around the year 2000 it will have set up an experimental telecasting station able to make some programs. By then China will also have grasped the technology necessary for HD TV systems and be able to develop and produce, although in small numbers, HD TV receivers.

To achieve that goal, Ye said, China has drawn up detailed plans for two development stages: From now to 1996 China will pool efforts to tackle key technical problems and set up an experimental system for HD TV models. The following five years will see China go all out to develop HD TVs in an all-round way.

He said that China is in a favorable position to develop HD TVs, as a digital telecommunications network characterized by optic cables, satellites and microwaves has been formed nationwide.

According to him, the ministry of the electronics industry has established an HD TV research center, which conducts research on HD TV model receivers and

satellite digital-data receiving systems in co-operation with the country's eight-largest TV enterprises, including the Changhong, Peony and Panda TV plants.

The study of HD TVs has undergone great changes since Japan developed the world's first HD TV system in the 1970s. In 1991 the United States surprised the world with an all-digital HD TV system.

Experts predict that hd tvs will become widespread by the year 2005.

He Zuoxiu, a leading CAS physicist, said that the development of picture tubes and the manufacturing of macro-integrated circuits are the biggest difficulties in developing HD TV systems.

"Once the technical problems are solved, HD TVs will have an immeasurable impact on a wide range of sectors, particularly on national defense, telecommunications, scientific research, medical science and the electronic printing industry," he noted.

Economic & Agricultural

Zhu Rongji Intervenes After Futures Market Losses

HK2406072094 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 24 Jun 94 p 1

[By Peter Seidlitz in Shanghai]

[Text] Heavy losses on the metal futures markets in Shanghai and London have triggered firm action from Chinese authorities.

Prominent traders have been detained, an investigation team dispatched from Beijing to Shanghai and personnel changes made in leading Shanghai trading companies. According to highly-placed sources, several hundreds of millions of United States dollars were lost last year when Chinese traders dealing through U.S. and British investment houses ordered huge amounts of copper at top prices for China's strategic stockpiles without the central government's consent. Prices collapsed and caused an uproar in the People's Bank of China, the central bank chaired by Vice-Premier Zhu Rongji, sources said.

Several high-rolling and well-known Shanghai traders had been detained. Under detention were two employees of the metal-trading department of Shanghai CITIC [China International Trust and Investment Corporation].

An investigation had also been launched against an official of the Shanghai Machinery and Electrical Bureau, who alone was alleged to be responsible for the huge trading losses on the London Metals Exchange, according to the sources. Several other companies which also suffered losses were also under investigation.

"The futures trading losses in Shanghai made the Beijing government realise that commodity trading was becoming a casino for rich individuals and government companies," said a trader in Beijing. Sources close to Mr Zhu, an advocate of strong central government action and discipline, claim he was furious with the losses made as a result of speculation in Shanghai.

"The futures markets were intended originally for price monitoring, not market speculation. The markets were totally misused when people thought they could become rich overnight on commodity market speculation, said the traders. As a result, the central government has further tightened controls on trading in metals as well as other commodities.

All foreign currency allocations needed for letters of credits in the commodities field must now be approved by the People's Bank and other relevant central authorities. In addition, several metal futures departments of Shanghai companies were closed.

In the last two years traders could get letters of credit from Chinese banks that organised currency on provincial swap markets opening the door for favours and special relationships between commodity traders and swap centres' foreign currency allocation managers. Beijing wanted to stop this practice and recentralise decisions.

The huge losses in Shanghai are not unique. Mr Zhu was reportedly equally furious when during a recent inspection tour of provinces in northern China he discovered that enormous steel orders had been made with Russia outside central government plans and without Beijing's knowledge. Last year, China also suffered huge losses when large amounts of steel were imported to feed the building industry.

Hong Kong traders made a fortune in deals with Chinese companies which stockpiled steel only to see the building industry and prices collapse. Steel exports to China this year have fallen dramatically. But the central government was said to have been particularly annoyed at the recent Shanghai case as traders were speculating with orders for strategic stockpile reserves, for which selected trustworthy Chinese companies can buy on behalf of the government.

The huge copper orders were for government reserves. The Ministry of Finance now has to foot the bill for commodity reserves, which were purchased at the highest possible world prices.

Mr Zhu is now on a confrontation course with the leading brokerage houses that were main advocates of commodity future markets.

Zhu Rongji Stresses Stable Agricultural Production

OW2306154094 Beijing XINHUA in English 1513
GMT 23 Jun 94

[Text] Shenyang, June 23 (XINHUA)—Vice-Premier Zhu Rongji stressed here the need to reform the system of circulation of means of agricultural production, to stabilize their prices and to protect the farmers' enthusiasm for growing crops.

During a June 14-21 tour of north-east China's Jilin and Liaoning Provinces, Vice-Premier Zhu said the reform of the system of grain purchases and sales (which is aimed at suitably raising the prices of the government-purchased and sold grain) is being carried out smoothly in the two province.

As a result, the prices of grain are basically stable. The farmers are satisfied and become much more enthusiastic to grow crops. Meanwhile, the urban residents have expressed their understanding of the reform and support it.

Vice-Premier Zhu, who is also a member of the Standing Committee of the Political Bureau of the Communist Party of China, noted that grain price control is the core of the party's rural policy and an important economic pole for arousing the farmers' enthusiasm.

Now the farmers' enthusiasm has been aroused, it is necessary to stabilize or cut the prices of chemical fertilizers and other agricultural production means so as to allow the farmers to fully benefit from raised prices of government-purchased grain.

Vice-Premier Zhu said that only after this could the agricultural production be promoted and the farmers' income be increased. When the farmers' purchase strength is enhanced, the industrial products will have a big market and there will be a firm foundation for the development of national economy.

How to reform the system of the circulation of farm production means and to practically control the prices of chemical fertilizers and other agricultural production means is the main purpose of Vice-Premier Zhu's inspection tour of the two provinces in north-east China.

During some informal discussions with local farmers and cadres, Vice-Premier Zhu pointed out that in order to effectively control the prices of fertilizers and other farm production means, it is imperative to increase the production of fertilizers and distribute imported chemical fertilizers effectively.

He said it was also necessary to reform the system of circulation of farm production means to reduce the length of the circulation chain, streamline the administrative structure, improve the management and decrease the circulation costs.

Moreover, administration of the market should be strengthened, and people who drive up prices to reap staggering profits should be dealt with severely, Zhu added.

Official Says Rate of Price Rises Slowing

OW2306162694 Beijing XINHUA in English 1550
GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—The momentum of price rises in China has gradually subsided since March this year and the price increase rate has started to fall again, according to Zou Xiangqun, deputy secretary-general of the State Planning Commission.

In an interview with XINHUA, Zou attributed this achievement to the various reform measures which the State Council and the Central Committee of the Communist Party of China have taken to strengthen macro control of the national economy.

Zou said that generally retail sale prices throughout the country in May this year were 18.9 percent higher than in the same period last year. The figure is 0.6 percentage points lower than in April this year.

He revealed that the rate of increase of retail sale prices in the country's 35 large and medium-sized cities in May this year was 1.3 percent lower than in April.

Apart from garments, the price increase rate of all categories of commodities in May was lower than in April. The price increase rate of food in May was down by 0.3 percent compared with April's, while that of household appliances dropped by 0.5 percentage points and medical products by 0.5, transport and telecommunications fares by 0.9, recreation, education and cultural commodities by 0.4, housing by 1.7 and service fees by 0.8.

Zou predicted that the national increase rate of commodities will continue to drop in the coming period.

Speaking of last year's price increase rate, Zou said that it reached the highest in December. The influence of this peak will further decrease. Besides, he said the macro economic situation has been improved.

During the five months this year, people's savings deposits were 151.8 billion yuan up and the national revenue increased by 24.3 percent, compared with the same period of last year. The investment in fixed assets has been brought under control. At the same time, Zou said, the supply of and demand for many important commodities have become more balanced.

Zou stressed that although the price increase rate will gradually drop, the prices will remain relatively high for some time. Therefore, he said, it is necessary to continue to implement all the price-control measures to stabilize the prices in order to create a better economic and social environment for the reform and development.

Bank Meeting 'Strong Demand' for Export Credits

OW2306153894 Beijing XINHUA in English 1458
GMT 23 Jun 94

[Text] Beijing, June 23 (XINHUA)—The newly-established Import and Export Bank of China (IEBC) is negotiating with big machinery producers to provide export credits for three hard-currency-earning items.

These are the production of the rocket for launching the Hong Kong communications satellite "Asia-Pacific Number Two", a 70,000-ton cargo ship ordered by Norway and a Pakistan-ordered training aircraft.

Export credits needed for the three projects are estimated at some 500 million yuan (about 60 million U.S. dollars).

According to IEBC President Lie Zuhua, the bank has met strong demand from domestic big machinery producers for export credits since its founding two months ago.

So far it has received formal applications for export credits for over sixty items, involving a total of 10 billion yuan.

"The strong demand shows the huge potential the domestic machinery industries hold for export," said Lie. "But it has also placed our bank in a bind."

Although the bank was set up to boost China's exports of machinery products by providing low-interest rate loans to the producers, its credit line for the whole of 1994 is limited to between 2 billion yuan and 3 billion yuan.

The bank has a registered capital of 3.38 billion yuan. But the funds will be allocated by the Ministry of Finance in several batches during the next couple of years.

The fund gap will be filled by bonds issued to domestic financial institutions and on the international capital market.

Lie said that preparations are in hand for the first issue of one billion to 1.7 billion yuan worth of bonds this year.

The bank is not likely to issue bonds overseas this year, Lie noted.

China exported large machinery worth of 27.7 billion U.S. dollars in 1993, a quarter of China's total exports.

To cope with the huge demand for export credits, Lie said, the central authorities may in the future allow foreign banks to provide export credits to Chinese exporters. The lending amount will be decided in the light of the government-controlled external debt limit.

The Import and Export Bank will then provide credit guarantees for the domestic exporters.

The IEBC president noted that as a policy-oriented bank, the new financial house will not be run for profit.

In fact, the interest rate on one-year loans by the bank only stands at 9.54 percent, compared with the 13.98 percent rate for the same period loans from commercial banks.

To offset the loss, IEBC will gradually expand its business in export credit insurance, credit guarantee and other more lucrative areas, Lie said.

Export/Import Bank To Support Domestic Exporters

HK2406061594 Beijing CHINA DAILY in English 24 Jun 94 p 1

[By Wang Yong: "Bank Set to Help Home Exporters"]

[Text] The Export and Import Bank of China concluded its first board meeting in Beijing yesterday with a pledge to finance the country's high value-added machinery and electronics exports.

Tong Zhiguang, chairman of the Board of Directors, said the bank will start operations on July 1, and accumulate total assets of 5 billion yuan (\$570 million) by the end of this century.

Its registered capital is 3.38 billion yuan (\$388 million).

Established on April 26 with the approval of the State Council (China's cabinet), the bank is one of the three policy banks that provide preferential loans to State key industrial and trade sectors.

The other two are the State Development Bank and the Agricultural Bank.

The government decided to set up policy banks so that they can help State key projects stay afloat by providing more long- and medium term loans.

Lei Zuhua, governor and vice board chairman of the bank, said the bank will focus on export credit initially.

"At the same time, we will prepare for credit insurance and guarantee business," he said. The bank is expected to approve 3 billion yuan (\$345 million) worth of loans to domestic exporters this year. The loans actually delivered, however, would be 2 billion yuan (\$230 million), he disclosed.

Tong said the bank will gradually increase the amount of export credit as the country has vast potential in tapping the export of technology-intensive machinery and electronic products.

In 1993, the export of machinery and electronic products, including complete plant systems, accounted for only 24.7 per cent of the nation's total export volume.

About 60 projects have sought loans worth over 10 billion yuan (\$1.15 billion) from the bank. But Lei said

that three projects are likely to receive loans worth a total of 500 million yuan (\$57.5 million).

They involve the launch of an overseas satellite and the export of a ship to Norway and training aircraft to Pakistan.

Lei also said that his bank is expected to issue 1 billion yuan (\$115 million) to 1.7 billion yuan (\$195 million) worth of domestic bonds this year.

Besides export credit, credit insurance and guarantee, the bank can also deal in government loans and mixed loans, which are related to the export of China's machinery and electronic products.

International inter-bank and syndicated loans, the issue of financial bonds overseas and project assessment are also part of the bank's business scope.

60 Billion Yen Bond Issue Expected 'Early Next Month'

HK2406071894 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 24 Jun 94 p 1

[By Bien Perez]

[Text] China is expected to unveil a mammoth 60-billion yen (HK\$4.6 billion [Hong Kong dollars]) Samurai bond early next month, which will mark its debut as a sovereign issue in Japan, according to securities sources. The Chinese Ministry of Finance will be the principal borrower to what will be the biggest Chinese-name debt paper issue yet in the cash-rich Samurai bond market.

Sources said Chinese finance ministry officials were currently finalising details of the offering with co-lead managers Daiwa, Securities and Nomura Securities. Both individual and institutional investors in Japan were being targeted by the lead managers, sources said.

Samurai bonds are yen-denominated IOUs issued by foreign borrowers exclusively to investors in Japan.

The proceeds from the Chinese Samurai bonds would probably be used to support the mainland's ongoing financial-sector reform program, sources said. One of the selling strategies being studied, according to sources, is to split the Chinese government's Samurai bond offering into two; a 30-billion yen issue of five-year notes and another 30-billion yen package of seven-year notes. In line with that set-up, the Chinese government and the lead managers were also considering whether to sell the two packages together or separately.

One Hong Kong-based securities official, who spoke on condition of anonymity, said the borrower would probably benefit more if the packages were launched together to take advantage of "the current healthy appetite by Japanese investors for Chinese-name debt paper."

During the past few months, well-heeled Japanese investors swiftly snapped up separate Samurai bond offerings

made by the Bank of China (BOC) and the Tianjin International Trust and Investment Corp (Titic). The BOC borrowed 15 billion yen and Titic borrowed 13 billion yen.

Despite the prevailing negative sentiments in the international bond markets, more and more foreign borrowers have been drawing fresh funds from the Samurai bond market because of Japan's low interest rates.

Although the size of the planned Chinese government Samurai-bond issue this year was record-breaking, the biggest mainland-based borrowers in the Japanese bond market in terms of total number of issues were the BOC and the China International Trust and Investment Corp (Citic), the overseas investment arm of the Chinese government, sources said.

The BOC has already made 11 Samurai-bond offerings in recent years, the largest of which was a 50-billion yen package in 1986.

Citic has made four Samurai-bond issues, the largest of which was a 40-billion yen issue in 1986.

International Automakers Eye Burgeoning Market

*OW2306112194 Beijing XINHUA in English 1114
GMT 23 Jun 94*

[Text] Beijing, June 23 (XINHUA)—The world's big-name auto producers today offered auto fans a feast for the eyes, displaying their most up-to-date models at the '94 Beijing International Automotive Industry Exhibition, which opened here this morning.

The week-long exhibition, which has attracted some 900 well-known car companies and manufacturers as well as 11 government agencies and trade associations from all over the world, is the largest ever staged in China, said sources from the organizing committee.

Overseas auto enterprises, numbering four times as many as at the previous event in 1992, include France's Renault, Peugeot and Citroen; Japan's Toyota, Mitsubishi and Honda; Germany's Volkswagen, Audi and BMW; the United States' General Motors and Ford, and dozens of others.

Official statistics indicate that China produced 1.34 million automobiles last year, up 20.8 percent from a year earlier. A further rise of 15 percent is expected for this year and the output for the year 2000 is estimated at three million.

K.S. Tong, general manager of Adsale Exhibition Services Ltd., one of the organizers of the ongoing exhibition, said that auto companies worldwide are quite optimistic about the Chinese market, despite a six percent drop in China's auto import volume during the first quarter of this year from the same period of the previous year.

"China will emerge as the world's potentially largest market as a result of a sustainable growing Chinese economy," Tong said.

The fact that more and more of the world's auto giants have been eager to enter the Beijing international auto fair indicates that they are interested and confident in the China market, he explained.

Official data show that 80 percent of the Chinese buyers of sedan cars last year were government organizations. Private enterprises and foreign-funded joint ventures accounted for 19 percent, leaving only one percent for individual buyers.

Conservative forecasts have put the Chinese auto parts market at some 5.7 billion U.S. dollars by the year 2000.

Many foreign companies and manufacturers have promised to elbow in for a share of the China market, by developing new models that suit Chinese living standards and transportation facilities.

The Beijing international automotive industry exhibition, first started in 1990, is held every other year. Some 200,000 people are expected to visit this year's exhibition, which ends on June 29.

Shipping Industry To Open to Foreign Investment

*HK2406061794 Beijing CHINA DAILY in English 24
Jun 94 p 1*

[By Xie Yicheng: "Shipping Industry to Let in Foreigners"]

[Text] China is opening the shipping industry to foreign investors as it gets ready to rejoin the General Agreement on Tariffs and Trade (GATT), a senior official said yesterday in Beijing.

Under the plan, foreign companies will be able to handle cargo at Chinese ports and operate some inland and coastal shipping routes.

Huang Zhendong, Minister of Communications, said it will bring China's marine shipping policies in line with international norms.

He said overseas shipping firms will be allowed to handle cargo at Chinese ports open to foreign vessels, and to operate shipping lines to and from the ports with approval.

"Upon endorsement, they can even run joint ventures to handle shipping on coastal routes or inland rivers," he said.

However, the Chinese partner must have a majority stake in the company and hold senior and legal posts. Vessels must also be approved by the ministry and fly Chinese flags.

Foreign firms can set up wholly-owned agencies to canvass cargo, issue documents and negotiate contracts for their ships.

But such agencies will be unable to serve domestic waterways, Huang said.

By the end of last year, 190 firms were engaged in international shipping in China, 56 of which were Sino-foreign joint ventures with an aggregate capacity of 21.8 million DWTs (dead weight tons).

Three foreign independent subsidiaries two from the U.S. and one from Norway, have received the right to handle agent services for their fleet.

Huang also promised a favourable environment and increased transparency to entice investment into docks and roads.

"We have drafted provincial rules governing the use of foreign investment in highway and waterway construction," he said, but declined to say when they would be released.

He said foreign businesses are being encouraged to start joint or wholly-owned ventures to build wharves and construct and operate highway projects.

But Chinese must have a majority share in joint ventures that build public docks vital to the national economy.

Huang also said the ministry will present a list in the near future of infrastructure projects that promise high economic returns and are in line with State industrial policies.

Foreign investors have built container or chemicals terminals in Nanjing, Tianjin, Shanghai, Shenzhen, while more projects are under discussion.

Huang praised Guangdong as being the vanguard in the country's use of foreign investment in highway construction. The province has entered contracts or letters of intent with a total foreign pledged input of \$3.5 billion.

But at the moment China is attracting the most money in the form of foreign loans.

Since 1980, the ministry has utilized about \$2.5 billion in loans from the World Bank and Asian Development Bank, and 290 billion yen in loans from the Japanese Government.

Shipping Firm To Expand Foreign Access to Chang Jiang

OW2406084094 Beijing XINHUA in English 0809
GMT 24 Jun 94

[Text] Wuhan, June 24 (XINHUA)—China's leading inland waterway shipping company has developed a new strategy to expand shipping capacity along the Chang Jiang River.

The Chang Jiang River Shipping Corporation (Group) plans to extend its navigation routes both to the east and west along the country's longest river, so that foreign vessels can directly transport their cargoes to the inland areas.

As the first trial shipping enterprise group designated by the State Council, the corporation now has 110,000 employees and 2,548 ships, with fixed assets of 5.26 billion yuan (about 650 million U.S. dollars).

Its annual handling capacity of goods is 80 million tons, 51 percent of the total along the Yangtze. It can also carry 35 million passengers a year, 99 percent of the total.

China has given approval to 13 Chang Jiang ports to open to foreign vessels. Now 10,000-dwt [deadweight ton] ships can reach Nanjing, capital of Jiangsu Province, and 5,000-dwt ships can anchor at Wuhan, capital of Hubei Province.

By the end of March this year more than 3,000 foreign ships had entered the Yangtze.

Over 50 Chang Jiang ports in Jiangsu, Anhui, Jiangxi and Hubei provinces have established shipping ties with 50 foreign counterparts.

The Chang Jiang flows 6,300 km from the Qinghai-Tibet plateau to Shanghai, where it empties into the sea. The river is the third-longest in the world, after the Nile and the Amazon.

National Conference Studies Cotton Production

OW2406082494 Beijing XINHUA in English 0805
GMT 24 Jun 94

[Text] Hangzhou, June 24 (XINHUA)—China has made marked achievements in revitalizing cotton production thanks to the widespread application of new cotton growing techniques.

According to an on-going national conference on cotton production here, the new techniques widely applied include improved strains of seeds that promise high yield and resistance to diseases, plastic film covering in the early period of growth, application of mixed fertilizer, transplantation of cotton seedlings and sowing of de-haired seeds.

Over the past five years, nearly ten varieties of improved cotton strains, including Zhongmian 12, Zhongmian 16, Zhongmian 17, Lumian 10 and Emian 18, have been widely applied. The Simian 3 developed by Jiangsu Province boosts per unit cotton yield by about 20 percent as compared with common varieties. The de-haired cotton seeds have been extensively applied in Anhui and Xinjiang.

Xinjiang, which reported a good cotton harvest last year despite the widespread drop in output in other areas of the country, uses plastic film covering in 96 percent of its

cotton fields and Shandong applied plastic film covering and seedling nursing and transplantation in three-fourths of its cotton growing areas.

The photosynthesized trace element fertilizer, which can raise cotton yield by at least 10 percent, is also widely used.

China is one of the biggest cotton growers in the world. Its annual output hit a record 6.25 million tons in 1984. But over the past two years, due to infestation of cotton bollworms, adverse weather conditions and reduction in cotton growing acreage, the cotton output has dropped for two successive years to 3.76 million tons in 1993.

The central government has made great efforts to boost cotton acreage since the beginning of this year and achieved some results. Reports from various places show that the cotton acreage this year is much more than last and all localities have adopted early preventive measures against cotton bollworms that have eaten up millions of tons of cotton over the past two years.

Livestock Expert Working To Improve Yak-Breeding

OW2406022594 Beijing XINHUA in English 0120
GMT 24 Jun 94

[Text] Lhasa, June 24 (XINHUA)—Zhang Yun, a livestock expert in Tibet, has devoted 11 years to upgrading the breeding rate of yaks.

He wanted to curb the degeneration tendency of domestic yaks, and by using artificial insemination, Zhang has raised the reproduction rate of domestic yaks from 35 percent to 70 percent.

It is estimated that there are 13 million yaks in China, about 90 percent of the total number in the world. They live on plateau grasslands with altitudes between 3,000 m to 5,000 m.

For hundreds of years, yaks in their bitter living conditions have been closely bound up with the millions of Tibetans in western China, providing the latter with meat, milk, fur and animal power.

"However, during the past several decades, the quality of yaks in some places has degenerated and their reproduction ability got lowered," said Zhang. "The main reason was the worsening of the grassland and inbreeding of yaks."

According to an investigation, a male yak during the 1950s might weigh about 460 kg, but now it weighs only about 300 kg. Similarly, one female yak four decades ago could turn out 200 kg of milk a year; now it can produce only 120 kg. Inbreeding also made the reproduction rate and survival rate fairly low.

Zhang thinks that artificial insemination can avoid use of many male yaks so that more grassland can be saved and inbreeding avoided.

In 1984 he took up the study of the frozen semen reproduction technique. He is now in charge of a frozen semen station in Damxung county in the Tibet Autonomous Region, where the semen is collected from strong wild yaks and their first generation.

At the beginning of his work, he went up to an area of plateau grassland together with an assistant and worked on eight yaks.

"Male yaks have a hot temper, and it is rather troublesome to tame them," he said. However, in five months, without resorting to whipping or electric shock, they found a way to get on good terms with yaks.

After training, the eight male yaks were docile enough for the workers to collect semen.

In August that year, Zhang and his co-workers carried out artificial insemination of 60 female yaks which gave birth to 40 calves the next year; the reproduction rate was 66 percent.

In order to spread the insemination technique throughout Tibet, Zhang wants to set up a modern frozen yak semen center. "There are 124 frozen semen centers nationwide, but not one yak semen bank yet," Zhang said.

Zhang's work won support from the late Tibetan religious leader, the 10th Bainqen Lama, who showed great concern for the development of livestock and application of new techniques in Tibet.

"In a sense, we work hard starting from scratch in order to complete the wish of the Bainqen," Zhang said.

With the support of the central and local government, they are building a high-grade frozen yak semen center with semen processing workshops and laboratories. They are also considering introducing modern equipment with international aid.

Central-South Region

Over 200 Dead, 11 Million Affected by Guangdong Flood

Highest 'Peaks' Have Passed

OW2306150994 Beijing XINHUA in English 1448
GMT 23 Jun 94

[Text] Guangzhou, June 23 (XINHUA)—The highest flood peaks on the Xijiang and Beijiang Rivers have passed, said Zhu Senlin, governor of south China's Guangdong Province.

While inspecting flood control and relief work in Qingyuan city on the Beijiang River yesterday, he attributed Guangdong's success in combating this flood—almost the biggest in 100 years—to concerted efforts by the army men stationed in Guangdong and local residents.

More than 200 people lost their lives in the natural disaster, which destroyed 189,000 rooms and ruined crops on 1.2 million hectares.

The flood was caused by successive torrential rainstorms in the Xijiang and Beijiang River valleys in early and middle June. Major flood monitoring stations on the two rivers recorded their highest water levels, all four meters above the danger mark.

Local governments at various levels in the province have paid close attention to flood control work, and leading government and communist party officials of different localities have gone to the flood-fighting front.

No breaches of major embankments or reservoirs were reported despite the most serious flood in a hundred years, effectively protecting the safety of the provincial capital, Guangzhou, and the Pearl (Zhujiang) River Delta.

But the losses caused by the flood were quite serious, said the governor.

According to him, 11 million people in the province's nine cities and 55 counties were affected, and more than 200 people died in the natural disaster, with 189,000 rooms destroyed and 1.2 million hectares of crops ruined. The direct economic losses were set at 10.2 billion yuan.

The governor warned that though the flood danger had receded, the determination to fight possible further floods could not slacken, as this is just the beginning: the main flood season, which usually begins in late July and early August, has not yet arrived.

He urged local officials to be on constant alert against further possible floods and be meticulous about flood prevention and control measures, while doing their

utmost to help flood victims, assisting them to resume production as soon as possible and maintaining social stability.

Disease Breaks Out

HK2306133694 Hong Kong AFP in English 1245 GMT
23 Jun 94

[Text] Guangzhou, China, June 23 (AFP)—Disease has broken out in flood-ravaged southern China where relief workers are battling to contain rising waters, officials said Thursday.

Cholera, typhoid and dysentery have been reported in the city of Qingyuan, in northern Guangdong province, which has been hardest hit by the two weeks of flooding, a provincial government health official revealed.

The official, who refused to be named, said 15 people in the city had contracted cholera, while an unspecified number had been affected by typhoid and dysentery, following the worst flooding in the area for a century.

Drinking water in the area is contaminated, polluted by the rotting corpses of drowned livestock, he said. But people are still using the water for cooking and washing.

But he insisted: "The outbreak is not serious, and we are monitoring the situation closely and taking additional measures to combat the spread of any disease."

Another health official said bottled water, food and medical supplies were being rushed to the area from the provincial capital, Guangzhou, to alleviate chronic shortages in the worst-hit areas.

He said a severe shortage of medicine had forced the authorities to raid warehouses and shops in search of extra supplies.

Relief workers have called on both the provincial and central governments to ship in more emergency supplies to the disaster area, the official added.

Meanwhile, soldiers continued to reinforce an embankment built to keep flood waters off the main Guangzhou and Sanshui railway line, by building a second line of defence at the point between the two cities where the Beijiang and Sijiang rivers meet.

Provincial Communist Party secretary Xie Fei visited the Beijiang embankment where 500,000 soldiers and relief workers have been battling against the rising flood waters for the past week. He praised soldiers for their relief work.

Sanshui is a strategic point as if it is overrun by the water, large parts of the prosperous Pearl River Delta will also be at risk of inundation.

Rail services on the line were suspended indefinitely on Wednesday, cutting off a vital supply line to the flooded region, although roads to the area still remain open.

Xie is expected in another affected city, Shaoquang, on the northernmost point of the province.

Guangdong governor Zhu Senlen told reporters Wednesday the death toll in the province stood at 210, but government officials said Thursday it would rise further as relief workers reached villages marooned by floodwater.

Zhu said 61 people were reported missing, 4,054 had been injured, and that direct economic loss in the area was estimated at more than 10 billion yuan (11.6 million dollars).

In Guangzhou Thursday, the Pearl River continued to swell and overflowed its banks in some low-lying areas of the city as seasonal tides set in, forcing flood waters back into the city.

City officials expected the tide to continue for a further three days, and are monitoring the level of the murky water in the provincial capital.

Guests of some hotels in the city are meanwhile being warned not to drink tap water in case it is contaminated and carrying disease.

Report on Development of Guangzhou Economic Zone

OW2306081594 Beijing XINHUA in English 0750 GMT 23 Jun 94

[Text] Guangzhou, June 23 (XINHUA)—The Guangzhou Economic and Technological Development Zone, one of China's 14 such areas designated as open for foreign investment in 1984, has invested 4.4 billion yuan in capital construction since it was established.

About 1.3 billion yuan of this has been put into infrastructure construction, such as power plants, highways and water supply facilities. Shopping centers, hospitals, schools, hotels and banks have also sprung up in the area.

So far, 322 overseas-funded enterprises and another 351 domestically funded enterprises have registered in the zone, bringing in 7.6 billion yuan. About 800 million of this has been invested by overseas enterprises.

It is learned that 21 enterprises in the zone have brought in investment of over 10 million U.S. dollars each.

Meanwhile, the zone has produced a total of 12 billion yuan-worth of industrial output, 3.73 billion yuan-worth of which was turned out last year.

Guangzhou Expecting Financial Institution Openings

OW2306103794 Beijing XINHUA in English 1000 GMT 23 Jun 94

[Text] Guangzhou, June 23 (XINHUA)—Guangzhou city, capital of Guangdong Province, is expecting more financial institutions to open offices in the city.

At a ceremony for the establishment of the Guangzhou Merchant Bank, Kuang Baoling, president of the Guangzhou Branch of the People's Bank of China, said that the Chinese and foreign financial institutions will not only bring funds and customers to Guangzhou, but also promote the development of the financial market.

He revealed that the Guangzhou Municipal Government has decided to make Guangzhou an international metropolis in the next 15 years.

To promote a high-speed economic development, Guangzhou plans to set up a regional financial center.

Now Guangzhou has about 2,100 financial institutions with seven foreign bank branches and 24 foreign financial institution offices.

The financial assets of the city now have exceeded 100 billion yuan.

Kuang said that the financial situation has remained good so far this year. By the end of May, the deposits in the banks in Guangzhou had increased by 15.1 billion yuan over that at the end of January, while the loans provided had increased by 5.7 billion yuan.

Guangzhou has sold more than 1.7 billion yuan worth of state treasury bonds.

At the end of April when the Guangzhou sub-center of China's foreign exchange center opened for business, it concluded transactions totalling 1.2 billion Hong Kong Dollars and 40.31 million U.S. dollars.

Insurance business has also grown in Guangzhou. Insurance premiums increased by 28.8 percent over the same period of last year.

Guangzhou Takes New Measures To Promote Tourism

OW2206033994 Beijing XINHUA in English 0332 GMT 22 Jun 94

[Text] Guangzhou, June 22 (XINHUA)—In order to promote tourism in and around this capital of south China's Guangdong Province, two travel service bodies have been set up here.

The Travel Guangzhou Union was jointly set up by eight major travel agencies to promote 14 travel routes.

The Guangzhou Nanxing Guiding Services Company is the sole company providing travel guides and special training for guides.

Guangzhou has over 2,800 years of history and has developed into the third-strongest of all Chinese cities economically.

It is a major tourism destination. Last year the number of overseas visitors reached 3.84 million, with international tourism income topping 400 million U.S. dollars.

Financial Market Operating Well in Shenzhen

OW2206032394 Beijing XINHUA in English 0241
GMT 22 Jun 94

[Text] Shenzhen, June 22 (XINHUA)—The financial market in Shenzhen city, in south China's Guangdong Province, has been operating well since the beginning of this year.

According to Wang Xiyi, head of the Shenzhen branch of the People's Bank of China, by the end of May, the balance of savings of various kinds in the city reached 73.205 billion yuan, an increase of 9.483 billion yuan over the corresponding figure in January, while the sum remaining after extending loans stood at 54.195 billion yuan, up 5.611 billion yuan on January's corresponding figure.

Wang said it was encouraging that more and more bank savings in the city came from fixed deposits, which meant that the sum for long-term use is growing.

To guarantee enough funds for major enterprises and construction of key basic facilities in Shenzhen, the loans issued by various banks in the city in June are estimated at 1.6 billion yuan.

The branch head said that though Shenzhen, as a pilot city for China's policy of reform and opening to the world, has a freer financial environment, there still remained a need for effective measures to control inflation there, to strengthen the withdrawal of currency from circulation and to prevent the use of working capital as investment capital in the form of fixed assets.

Hubei Rules To Lighten Burden on Peasants

HK2406064294 Wuhan HUBEI RIBAO in Chinese 24
May 94 p 3

["Hubei Provincial Administrative Regulations on Peasant Burdens"]

[Text] Announcement of the Standing Committee of the Hubei Provincial People's Congress

(12 May 1994)

The "Hubei Provincial Administrative Regulations on Peasant Burdens" have been adopted by the Standing Committee of the Eighth Hubei Provincial People's Congress at its seventh meeting on 12 May. These regulations are hereby published and enacted.

Hubei Provincial Administrative Regulations on Peasant Burdens

Chapter I—General Principles

Article 1. These regulations are hereby formulated in accordance with the "PRC Law on Agriculture," the State Council's "Administrative Regulations on Charges and Labor Services To Be Contributed by Peasants," and other state laws, ordinances, and regulations concerned,

and in light of the actual circumstances in this province, with a view to regulating peasant burdens by laws, protecting legitimate peasant rights and interests, giving play to peasant initiative in production, and promoting rural economic development.

Article 2. Burdens on peasants as referred to in these regulations denote profits retained by villages (including villagers' groups, same definition applicable hereafter), coordination fees collected by townships (including towns, same definition applicable hereafter), and voluntary labor services and accumulated labor work [lao dong ji lei gong 0525 0520 4480 4797 1562], as well as other expenses charged to peasants according to laws, ordinances, and regulations concerned, besides taxes to be paid by the peasants to the state.

It is an obligation on the part of the peasants to pay taxes to the state and undertake all the charges and corvée as prescribed by these regulations. The peasants will take the initiative in performing this obligation, but they have the right to refuse the solicitation of any other financial or material contributions or labor services to be rendered gratis, since a demand for such contributions and services is illegal.

Article 3. The Agricultural Committee (hereafter referred to as the department supervising and administering affairs related to peasant burdens) under the people's government at and above the county level is in charge of supervision and administration of affairs relating to peasant burdens within its own area of jurisdiction, the township people's government is in charge of supervision and administration of affairs related to peasant burdens within townships, while routine operations are to be run by rural economic management and administrative departments at all levels (hereafter referred to as rural economic administrative departments).

Departments concerned in charge of planning, statistics, finance, auditing, commodity price controls, and administrative supervision will assist in supervising and administering affairs related to peasant burdens in accordance with their respective duties and responsibilities.

Article 4. The duties and responsibilities of departments at all levels supervising and administering affairs related to peasant burdens are as follows:

1) To arrange for these regulations to be implemented; to publicize and implement state laws, ordinances, regulations, and policies concerning peasant burdens; and to supervise and monitor the progress of implementation;

2) To coordinate, supervise, and administer affairs related to peasant burdens within their own areas of jurisdiction;

3) To examine rules and measures concerning peasant burdens formulated by departments of the people's governments or by other units at the same level;

- 4) To check and verify annual peasant per-capita net income;
- 5) To attend to complaints and prosecutions concerning peasant burdens;
- 6) To investigate and handle, alone or in cooperation with other departments concerned, cases of violation of these regulations;
- 7) To provide training to personnel in charge of supervision and administration of affairs relating to peasant burdens.

Article 5. A peasant burdens affair supervision card system and budget and final accounting system will be strictly enforced. All kinds of funds turned over to the authorities and corvee undertaken by peasants should be recorded in the "Manual of Registration of expenses and Corvee Undertaken by Peasants," uniformly prepared by provincial department supervising and administering affairs related to peasant burdens, and these records are subject to regular review.

Article 6. Every unit or individual has the right to report any violation of these regulations. Departments at all levels supervising and administering affairs related to peasant burdens and other departments concerned will investigate and handle such reported cases without delay.

Article 7. People's governments and departments concerned at all levels will commend and reward organizations or individuals who have strictly implemented these regulations and made prominent contributions to keeping the burden on peasants at a legally accepted level and to protecting legitimate peasant rights and interests.

Chapter II—Village Profit Retention and Township Coordination Fees

Article 8. The amount of the village profit retention and township coordination fee which peasants pay directly to collective economic organizations (profits turned over by collective-run township and village enterprises not included) will be calculated on the basis of figures given by the rural economic income distribution statistical statement prepared with data collected by rural economic administrative departments at all levels, according to the statistical method formulated by the Ministry of Agriculture and approved by the State Statistical Bureau. This amount which is to be calculated on a township or village basis will not exceed 5 percent of net peasant per-capita income recorded in the previous year.

Article 9. The village profit retention comprises a provident fund, a public welfare fund, and management fees.

1) The provident fund is to be used to finance farmland and water conservation capital construction projects, tree planting and afforestation work, purchase of fixed assets for production, and operation of collective enterprises.

2) The public welfare fund is to be used to support households enjoying the five guarantees, to subsidize households in extreme difficulty, and to finance cooperative medical and health care services, epidemic prevention service, woman and child care, as well as cultural activities, education, and other collective welfare undertakings.

3) The management fee is used to pay village and production group cadres, as well as expenses for administrative operations. The employment of village and production group cadres, and rewards and subsidies for these cadres will be strictly subject to the relevant rules formulated by the provincial people's government.

Article 10. The township coordination fee is to be used to run schools at the township and village levels, and to finance family planning programs, militia training, care for disabled servicemen and family members of servicemen and martyrs, road construction and maintenance works, and other civilian-run public facilities.

The township and village school fund is to be used to pay off subsidies for teachers of non-government-run primary and secondary schools, premise maintenance expenses of these schools, and expenses on other non-government-run education services.

Article 11. The levy percentage of village profit retention and township coordination fees will be in keeping with the level fixed by the provincial people's government. No unit or department will make any extra levies in the name of village profit retention or of township coordination fees or appropriate these two types of funds for any other purposes, except for some economically developed localities which may moderately raise the percentage only with the approval of the provincial people's government.

Article 12. Village profit retention and township coordination fees are discriminatingly levied on peasants mainly according to the trades they are engaged in and to their actual income.

Peasants who farm on contracted plots of land will pay off to their respective collective economic organizations the village profit retention and township coordination fees in proportion to the area of farmland (or water or hilly land) or the number of laborers working on the plots of land.

A peasant who has an individually owned business or private enterprise, after taxes will pay to the local authorities which his residential household registration is attached to, village profit retention and township coordination fees at the rate of 5 percent of his net income as recorded in the previous year. But this amount will be distinguished from the 5 percent of peasant per-capita net income as referred to in Article 8 of these regulations.

Article 13. An annual centralized assessment and collection system applies to both village profit retention and

township coordination fees, and village collective economic organizations and township people's government organs are authorized to collect these fees. No other units and departments will do this, and no unit or individual will ask for advance payment or collect the said fees by force under any pretext.

When collecting village profit retention and township coordination fees from peasant households, all collectors will present a "rural cooperative economy internal accounting voucher" prepared by the authorization of the county (city) department supervising and administering affairs related to peasant burdens.

Article 14. Households in extreme difficulty, specifically family members of revolutionary martyrs and servicemen, disabled servicemen, and demobilized or retired servicemen who have lost their working ability, may be exempted from payment of village profit retention or have their payment reduced, providing that it is approved by the assembly of the members of the village collective economic organizations or by member representative meetings.

Villages that are rated by the township people's government as impoverished villages and which have suffered great economic losses caused by serious natural disasters can have payment of township coordination fees reduced, providing that an application for reduction of payment is lodged by a village collective economic organization, endorsed by a township people's government, and ratified by a township people's congress.

Article 15. As far as the amount of village profit retention is concerned, the village collective economic organization is to prepare at the year end the final accounts for that year and to propose the budget for the next year. After being reviewed by the township organ in charge of rural economic administration, the final accounts and budget will be discussed and approved by the assembly of members of the village collective economic organization, and then submitted to the villagers' assembly for discussion and approval before they are filed to the township people's government for record purposes.

As far as the amount of township coordination fee is concerned, the township people's government is to prepare at the year end the final accounts for that year and to propose the budget for the next year. After being reviewed by the county organ in charge of rural economic administration, the final accounts and budget will be discussed and approved by the township people's congress, and then they will be filed, together with the village profit retention final accounts and budgets of all the villages under the township's jurisdiction, to the county department supervising and administering affairs related to peasant burdens for record purposes.

The final accounts and budget, after review and approval, will be published by a notice which will be put up so that the public can supervise the progress of implementation.

The villagers' committee will supervise the collection and allocation of the village profit retention.

Article 16. The township coordination fee belongs to all the peasants within the collective economic organization framework, and is to be used to finance local public-aided undertakings. The nature and use of the township coordination fee as a type of collective fund will not be confused or altered.

The township coordination fee will not be used to make up any financial deficits of the township, nor will the sum of the fee be divided up and separately collected, managed, and allocated by different departments.

It is prohibited to place the township coordination fee under the county management.

Article 17. The village profit retention and township coordination fee are subject to strict financial management. The village profit retention will be retained and allocated by the village under strict control and supervision by the township rural economic management department. The township coordination fee which is subject to centralized administration by the township rural economic management department will be allocated to different special accounts, with specific funds to be used only for specific purposes.

As far as appropriation of the village profit retention and township coordination fees is concerned, an appropriation plan will be drawn up according to the quota and proportions fixed by the provincial people's government. The appropriation of these funds is subject to budgetary control and will not exceed the quota. The account will be settled in good time after fund appropriation. The practice of collecting funds without filing an application or of levying appropriations without fulfilling the fund withdrawal procedures is strictly prohibited. It is prohibited to spend the village profit retention or township coordination fees on entertaining guests or presenting gifts, and extravagance and waste will be banned. The village profit retention and township coordination fee will not be allocated indiscriminately on an egalitarian basis, nor will they be misappropriated, diverted to inappropriate use, or used as a financial guaranty.

Article 18. The county and township departments supervising and administering affairs related to peasant burdens will practice a tailor-made auditing system for the allocation, management, and use of the village profit retention and township coordination fees.

Chapter III—Rural Voluntary Labor Services and Accumulated Labor Work

Article 19. Rural voluntary labor services are mainly to undertake such works as flood prevention, tree planting, road construction and maintenance, and school construction. Each rural laborer will undertake rural voluntary labor services for not more than 10 standard work-days each year.

If extra voluntary labor services are needed in case of emergencies, such as disaster fighting and relief operations, the people's government at and above the county level is to centralize the work.

Article 20. Accumulated labor work is mainly to undertake such efforts as farmland and water conservation capital construction, comprehensive agricultural development, tree planting and afforestation, and the blood fluke extinction operation as a part of snail fever prevention. Each rural laborer will undertake accumulated labor work for not more than 20 work-days a year. The amount of labor work may be moderately increased where the local conditions allow, with approval by the people's government at and above the county level. But in no case will the extra amount of work for each rural laborer exceed 10 work-days. Accumulated labor work will mainly be levied during the slack season.

Article 21. Rural voluntary labor services and accumulated labor work will mainly be rendered in the form of real labor work. If a peasant asks to substitute money payment for labor work, his request is subject to the approval of the rural collective economic organization. On the other hand, no peasant will be forced to pay money in place of labor work.

For disabled servicemen and family members of martyrs and servicemen who enjoy special preferential treatment, voluntary labor work can be exempted or reduced according to the relevant regulations formulated by the provincial people's government. Peasants who cannot render labor services because of illness or disability may have their labor service duties exempted or reduced if approved by the assembly of members of the village collective economic organization or a meeting of member representatives after discussion.

Article 22. A rural voluntary labor services and accumulated labor work allocation plan will be jointly proposed by the township people's government and the village collective economic organization after discussion. This plan will be implemented after examination and adoption by the township people's congress, and the actual allocation of such labor services will be revealed by a notice posted at the end of the year, subject to public supervision. Such practices as levying extra labor services gratis and arbitrarily altering the use of labor services are strictly prohibited.

Chapter IV—Other Burdens on the Peasants

Article 23. The imposition of administrative service charges on peasants and the setting and adjustment of charge standards are subject to joint approval by the provincial financial department, commodity price control department, and the provincial department supervising and administering affairs related to peasant burdens, and, in case of important items, also subject to approval by the provincial people's government. Service charges that are prescribed by state laws, ordinances, and regulations will go through application and approval procedures as prescribed by state laws, ordinances, and

regulations. No units or departments will arbitrarily impose service charges without approval.

Service charge license, payment receipt, annual auditing, and receipt inspection systems are applied to administrative service charge systems. When a service charge is collected, the service charge license will be produced, and a uniform receipt printed by the provincial financial department or a special receipt made under the supervision of this department will be issued, otherwise the peasant has the right to refuse payment of the charge.

Article 24. Fund raising among the peasants is subject to rigid regulation. It will be conducted within the scope and limits prescribed by laws, ordinances, and regulations, as well as by the relevant state policies. Funds will be raised on a voluntary basis, a moderate scale, in the interests of the fund contributors, and according to the principle of specific funds for specific purposes. Establishment of funds, definition of the scope of fund raising and the amount to be raised, the examination and approval procedures of fund raising programs, the use of funds, and the returns on the funds will all be in keeping with the regulations formulated by the provincial people's government. Funds raised will be placed under the supervision of the department supervising and administering affairs related to peasant burdens.

Article 25. Illegally imposing fines on peasants and confiscating peasant property are prohibited. When a fine is imposed on a peasant according to the law, a uniform receipt printed by the competent financial authorities will be issued, otherwise the peasant has the right to refuse payment of the fine.

All the income derived from fines and confiscations will be turned over to the financial authorities.

Article 26. Newspapers, journals, and books, as well as valuable securities, will be sold to peasants and collective economic organizations on a voluntary basis, and any attempt is prohibited to use administrative means and to exercise a trade monopoly to force people to buy newspapers, journals, books, and valuable securities.

Insurance will be sold in rural areas on a voluntary basis. Except for insurance items prescribed by the state regulations as compulsory, nobody will be forced to buy insurance.

Article 27. Agencies issuing licenses, certifying documents, and other documents to peasants will charge management costs by the price scale set by the financial and commodity price control departments, according to the provisions of laws, ordinances, and regulations, or with the approval of the provincial people's government. In no case will the agencies arbitrarily raise service charges without approval.

Article 28. Economic, technical, labor, and information services to suit the needs of peasants and collective economic organizations will be rendered on a voluntary and mutually beneficial basis. In no case will any peasant

be forced to accept such services. And customers will be charged for services by a scale agreed by both parties through consultations or in accordance with the relevant state and provincial regulations.

Article 29. The establishment of funds in rural areas will strictly go through the application and approval procedures prescribed by the state regulations, within the limits of authority vested by the state.

Article 30. Any departments and units, when performing official duties, calling meetings, or sponsoring activities in rural areas, will not extort charges from peasants and collective economic organizations, or levy manpower gratis, in violation of laws, ordinances, and regulations.

The practice of assigning militiamen to undertake miscellaneous duties in violation of regulations concerned is strictly forbidden.

Article 31. Funds that administrative organs or service units spend on setting up offices and employing staff in rural areas will not be extorted from peasants and collective economic organizations.

Article 32. Schools in rural areas will not collect tuition fees for compulsory education but sundry charges according to a set charging scale. The school will not raise funds among its students without approval, arbitrarily extort charges, or force its students to accept various profit-making services. In case of reconstruction of tottering school buildings, funds will be raised by the local people's government in accordance with Article 24 of these regulations.

No department or unit will apportion by force any fund or expenses among schools and students, or force them to buy any commodities.

The staff size of public-run schools in rural areas will be kept strictly within the set limit, and no school will be overstaffed.

Article 33. No department and unit will force peasants to sponsor any functions or donate money on an apportioned basis, nor will they force peasants to contribute money, goods, or labor services to sponsor such activities as contests, promotional functions with predetermined targets, or similar functions in disguised form.

Article 34. Charges for water and electricity will be collected from peasants according to the provisions prescribed by the state and the provincial people's government, and arbitrarily raising the service charge scale and collecting any extra charges without approval are prohibited. Water conservation and power supply departments of the people's government at and above the county level will intensify control over service charge collection and publicize water and power charge scales for rural areas on a regular basis, so that peasants can supervise operations.

Article 35. The agricultural and local product tax will only be levied on peasants according to state regulations.

It is not allowed to equally apportion this tax to each household according to the number of heads and the area of farmland, and there will be no double taxation.

Article 36. When procuring agricultural and sideline products, the procurement station will publicize the price list stating the names, specifications, grades, measurement units, and prices of items. Procurement will be conducted strictly according to state regulations regarding quality standards and prices by grade, and the practice of forced procurement at unreasonably low prices through deliberate degrading of products is prohibited.

Except when they are recovering deposits for product orders, acting as an agent to collect the agricultural tax, and performing other functions as prescribed by laws, ordinances, and regulations, no agents are allowed to act for any departments or units to deduct the procurement payment to peasants.

Article 37. Units which deal in chemical fertilizer, agricultural chemicals, veterinary medicines, plastic sheeting for agricultural use, seeds, and other agricultural production means will sell these goods strictly within the price scale set by the state. Never will they break the price ceiling set by state and provincial authorities.

Selling those agricultural chemicals, veterinary medicines, and other agricultural production means which are banned by formal state decree is prohibited.

Strong action will be taken against law-breaking activities of selling to peasants fake or inferior chemical fertilizers, agricultural chemicals, veterinary medicines, plastic sheeting for agricultural use, seeds, and other agricultural production means.

Article 38. Units and individuals are prohibited from retaining, misappropriating, and defaulting on subsidies, loans, deposits for procurement, funds for financing special investments, funds to aid impoverished households, disaster relief funds, extra payment for price increases in procured agricultural and sideline products, and tax discounts that the state or people's governments at all levels give to peasants. The department concerned will audit records of appropriation and allocation of these funds, and publicize the result of audits on a regular basis, so that the public can supervise operations.

Chapter V—Legal Responsibilities

Article 39. In case a service charge, fund-raising payment, fine, fund contribution, or any other apportioned payment is imposed on peasants or collective economic organizations in violation of these regulations, such a payment will be rescinded by the people's government at the corresponding level on the request of the department supervising and administering affairs related to peasant burdens, or directly by the department at the next higher level; and payment illegally collected will be returned

intact to the peasants or the collective economic organizations by order. In case such an order is not implemented or not fully implemented, illegally collected payments, in money or kind, will be confiscated, and a fine equivalent to not more than 50 percent of the illegally collected payment will be imposed on the offender. In addition, a fine of 100 to 500 yuan can be imposed on the principal officer in charge of the unit bearing the responsibility or the individual bearing direct responsibility for the offense.

Article 40. In case a service charge, fund-raising payment, fine, fund contribution, or any other apportioned payment is imposed on peasants or collective economic organizations in violation of laws, ordinances, or these regulations, the victimized unit or individual has the right to refuse payment. The party which has caused losses or damage by the act of extorting charges will bear the responsibility for compensating the losses. Should the offender be a government organ, the victimized unit or individual may apply for intervention to the relevant department or appeal to the people's court according to law.

Article 41. Rural voluntary labor services and accumulated labor work that are levied on a peasant in excess of the normal amount in violation of these regulations, if verified by the relevant township department, will be deducted from the amount of work as listed in the corvee plan for the next year, or be compensated for in the form of labor service charges to be paid to the peasant by the levying unit at the standard work-day pay rate.

Article 42. Anyone or any unit breaking these regulations in any one of the following ways will be reprimanded by the relevant department and required to remedy his or its faults within a fixed period. In case of serious offense, the competent administrative organ or the administrative supervisory organ will take legal action against the principal officer-in-charge of the offending unit or the person directly responsible for the offense. In case of criminal offenses, the judicial organ will, in accordance with the law, take action to hold the offender responsible.

1) Failure to go through the legal approval procedures for the village profit retention and township coordination fee budget and the rural voluntary services and accumulated labor work assignment plan, and failure to set up any special accounts to keep records, or to give false information and data in the village profit retention and township coordination fee statistical reports, or simply to fail to file any such reports.

2) Extorting from peasants extra village profit retention and township coordination fees, apportioning labor work in excess of the legal amount without approval, levying corvee in excess of the legal amount without compensation, and extorting from peasants money payment in lieu of corvee.

3) Confusing the village profit retention with the township coordination fee, altering the nature and uses of

collective economic funds, drawing funds without filing any application, securing funds by diverting appropriations, falsifying documents, vouchers, and receipts, and applying for double reimbursement.

4) Deducting by force a portion of the procurement deposit before it is paid to peasants; making use of administrative powers to extort charges, in money or kind, from peasants under different pretexts; or deducting, on behalf of other departments or units, some service charges from payment to peasants.

5) Embezzling, sharing out in private, misappropriating, or wasting the village profit retention, the township coordination fee, other payments, in money value or in kind, by peasants, different kinds of funds and goods the state and the people's governments at all levels grant to peasants, and tax exemption or discounts repaid to peasants.

6) Illegally extorting charges from, raising funds among, imposing fines on, confiscating goods from, and apportioning expenses among peasants; forcing peasants to join insurance programs, accept paid services, or buy valuable securities, materials, commodities, newspapers, periodicals, or books.

7) Securing the village profit retention and the township coordination fee by illegal means, or being derelict of duty and practicing favoritism in violation of the law.

8) Extorting charges from, raising funds among, and apportioning expenses among students in violation of regulations.

9) Stopping or hindering the department supervising and administering affairs related to peasant burdens from exercising its supervisory and administrative power.

10) Other acts in violation of these regulations.

Article 43. In case a unit or an individual sells to peasants fake or inferior chemical fertilizers, agricultural chemicals, veterinary medicines, plastic sheeting for agricultural use, seeds, and other agricultural production means, the industrial and commercial administrative department will order an end to selling such goods, compensate the buyers for the losses caused, confiscate all the ill-gotten gains, and impose on the offender a fine equal to or five times as much as the ill-gotten gains. The authorities may even revoke the business license of the offender. In case of criminal offense, the offender will be held responsible for the criminal responsibilities.

Article 44. Anyone who retaliates against those who report, expose, sue for, or resist the act of illegally extorting charges from, raising funds among, imposing fines on, or apportioning expenses among peasants, in violation of the "PRC Regulations on Administrative Supervision," will be punished by the administrative supervisory organ; those who violate the "PRC Security Administration Punishment Act" will be penalized by the public security organ according to law; and those

whose acts constitute criminal offenses will be held responsible for them by the judicial organ according to the law.

Article 45. The party involved in a case who refuses to submit to administration punishment meted out in accordance with these regulations may, within 15 days of receipt of the advice of the decision on punishment, apply for a reconsideration of his case to the organ immediately superior to the organ that has adopted the decision on the punishment. And the superior organ to reconsider the case will, within 30 days of receipt of the application for reconsideration, make a conclusion after reconsideration. The party involved, if refusing to submit to the conclusion drawn from reconsideration, may appeal to the people's court within 15 days of receipt of the advice of the conclusion. The party involved may also lodge an appeal directly to the people's court without going through the process of reconsideration. If the party involved does not apply for a reconsideration or lodge an appeal within the respective set periods, or does not act as required by the decision on punishment, then the organ that has made the decision will, according to the law, urge the people's court to enforce the decision.

Chapter VI—Supplementary Provisions

Article 46. The agricultural commission under the provincial people's government will be responsible for interpretation of these regulations regarding their application to specific cases.

Article 47. These regulations will come into force on the day of promulgation. Simultaneously rescinded are the "Hubei Province Regulations on Lightening Peasant Burdens," which was adopted by the 23d meeting of the Sixth Hubei Provincial People's Congress Standing Committee on 20 September 1986.

These regulations override all other regulations ever enacted in this province regarding peasant burdens but contrary to these regulations.

'Giant Program' Aims To Restore Hubei's Prestige

OW2206091594 Beijing XINHUA in English 0846
GMT 22 Jun 94

[Text] Wuhan, June 22 (XINHUA)—Central China's Hubei Province has launched a "giant program" to restore its prestige as an industrial base of the country and raise its overall economic strength.

Some 79 big industrial groups selected from 11 sectors, including the machine building, metallurgical, chemicals, textiles, power and petrochemical industries, will be the main participants in the program.

These groups are now the mainstay of the provincial economy, including the Wuhan Iron and Steel Company, the Dongfeng Motor Vehicle Company, the Jinmen Petrochemicals Plant and the Hanchuang Power Plant.

The provincial government will adopt preferential policies for these enterprises in technical upgrading and implementing reform measures in a bid to increase their market share.

It plans to increase their sales by an average of 1 billion yuan (about 120 million U.S. dollars) each year.

The province's fixed industrial assets have come to more than 80 billion yuan (about 10 billion U.S. dollars).

A committee made up of members of the provincial economic, planning, finance, banking, taxation and science departments has been set up to coordinate the implementation of the program.

Hubei Promotes Agricultural Production

OW2206091494 Beijing XINHUA in English 0843
GMT 22 Jun 94

[Text] Wuhan, June 22 (XINHUA)—China's main grain and cotton producer, Hubei Province, has stepped up efforts to construct agricultural production bases.

It has invested nearly 500 million yuan (about 62 million U.S. dollars) in building the bases since 1985.

The bases are now playing an important role in leading and promoting local agricultural production.

The province has built 29 grain production bases, covering 50 percent of its farmland and accounting for 64 percent of the total grain output.

Some 14 high-quality cotton bases and 81 farm technology promotion centers have also been built in the province.

Hubei has obtained loans from international organizations totalling 12.1 million U.S. dollars and 250 million Japanese yen to carry out agricultural development projects in the Wuling mountains and western Hubei.

A loan amounting to 48 million yuan from the World Bank has also been used to improve soil in the province.

Hubei Opens New Tours for Overseas Tourists

OW2206032294 Beijing XINHUA in English 0238
GMT 22 Jun 94

[Text] Wuhan, June 22 (XINHUA)—Central China's Hubei Province recently opened eight new tours to attract more overseas holidaymakers.

The new tours will bring visitors to the home town of Qu Yuan, one of the greatest ancient Chinese poets; the battlefields related in "The Story of Three Kingdoms", one of the greatest Chinese historical novels; the chime bells, an ancient Chinese musical instrument; the best-preserved ancient town of Jingzhou; the marvelous martial arts (gongfu) of the monks of Wudang Mountain; and other great local natural and historical places of interest.

Later this year, the province will hold a Three-Gorges Art Festival, an international acrobatic festival and an exhibition of Taoism [Daoism] culture, which the tourism authority hopes will bring more visitors from overseas.

Hunan Governor Interviewed on Flood Situation

HK2306115194 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 20 Jun 94

[Text] The following is a recorded report filed by this station's reporter on the front lines of the province's battle against the flooding yesterday.

[Begin recording] Dear audience, it is now almost noon on 20 June. I'm reporting in Changshanyuan at the eastern gate of Changsha City. This morning, Provincial Party Committee Secretary Wang Maolin, provincial Governor Chen Bangzhu, and some other provincial party and government leaders arrived here in Changshayuan, on the front line of the province's flood resistance effort, to direct the fight against the flooding.

Governor Chen Bangzhu and vice Governor Zheng Peimin just arrived back in Changsha at about 0700 this morning after attending a Beijing meeting. As soon as they stepped out from the train, they set out for Changshayuan, the front line of the province's flood resistance. I interviewed Governor Chen Bangzhu here on the spot.

[Reporter] How are you, Governor Chen? You have inspected some flood-stricken areas in Changsha City this morning. Will you please tell our audience something about the province's flood situation?

[Governor] This year, Hunan has been hit by a flood of a severity unseen for the past 100 years in terms of both water level and quantity. Over the past few days, the broad masses of Army personnel and people across the province have been bravely fighting the flood and have been making concerted efforts to provide disaster relief to afflicted areas, with the result that some of the province's key dams have remained sound and economic losses have been reduced to a minimum.

I would like to take this opportunity to extend my warm regards and thanks to the broad masses of Army personnel and people fighting in the front lines of the province's battle against the flood. At the moment, the province's flood situation remains very serious, because the water level is still high. According to weather forecasts and meteorological reports, the province is expecting more rain to fall over the next few days. We will definitely encounter more hardships and difficulties. Under the current circumstances, the broad masses of Army personnel and people across the province should further step up their work and devote more energy to flood prevention and disaster relief work, this being an overriding task at the moment.

We are full of confidence that, under the leadership of the CPC Central Committee and the State Council, the

broad masses of the Hunan Army personnel and people will be able to overcome the difficulties and hardships caused by natural calamities such as flooding, waterlogging, and so on and will win a complete victory in the on-going flood prevention and disaster relief struggle. [end recording]

More Foreign-Funded Enterprises Set Up in Hunan

OW2106085594 Beijing XINHUA in English 0834 GMT 21 Jun 94

[Text] Changsha, June 21 (XINHUA)—The foreign-funded enterprises in central China's Hunan Province have increased in number, scale and efficiency, according to a local senior official.

Now the province has 2,499 foreign-funded enterprises, and the actual use of foreign funds amounts to 1.793 billion U.S. dollars, said Tao Na, director of the Provincial Committee of Foreign Trade and Economic Cooperation.

Last year the foreign-funded firms attained an export volume of over 100 million U.S. dollars, more than the total for the previous 14 years.

Foreign investors have also taken part in constructing and upgrading Hunan's five big thermal power plants, the Hunan section of the Beijing-Guangzhou highway, the urban construction of this capital of the province and the expansion of Changsha airport.

Meanwhile, negotiations with foreign investors on highway, bridge and power plant construction are under way.

The province is also using foreign funds for urban construction in some big and medium-sized cities, including Changsha, Zhuzhou, Xiantan, Yueyang, Hengyang and Changde.

Now 25 state-run big and medium-sized enterprises have started technical upgrading using foreign funds.

In order to speed up its economic development, the province plans to hold economic and trade fairs in Hong Kong and Shenzhen September 5 to 9.

North Region

Beijing Holds Meeting on Investigating Cases

SK2306130694 Beijing BEIJING RIBAO in Chinese 19 Jun 94 p 1

[Text] On 18 June, the municipal discipline inspection commission held a meeting of district, county, bureau (general company), university and college discipline inspection commission secretaries and supervisory bureau (section) directors to relay and implement the

guidelines of the national telephone conference of discipline inspection and supervisory departments cosponsored by the Central Discipline Inspection Commission and the Ministry of Supervision. The meeting stressed the necessity to expand the dynamics of punishment and to concentrate energy on investigating and handling a number of major and appalling cases.

Since the second plenary session of the Central Discipline Inspection Commission held last year, Beijing Municipality has expanded the dynamics of investigating and handling major and appalling cases, forcefully attacked unlawful and undisciplined activities, and made appropriate achievements. Thus, the people have strengthened the confidence in opposing corruption. In 1993, the discipline inspection and supervisory organs across the municipality investigated and handled 1,044 undisciplined cases of various categories and handled 593 party members. Of this, 518 or 49.6 percent were cases involving violation of economic discipline. Of the cases investigated and handled, 183 or 17.5 percent were major and appalling cases. In the first five months of this year, the discipline inspection and supervisory organs across the municipality investigated and handled 659 undisciplined cases of various categories, an increase of 48.1 percent over the same period of last year when 445 cases were investigated and handled. Of this, 61 were major and appalling cases.

Li Yongan, standing committee member of the municipal party committee and secretary of the municipal discipline inspection commission, made a speech at the meeting. He said: The discipline inspection and supervisory organs at various levels across the municipality should conscientiously implement the guidelines of the national telephone conference of discipline inspection and supervisory departments held on 9 June, as well as the guidelines of the "circular on paying attention to investigating and handling major and appalling economic cases in the course of waging the struggle against corruption as issued by the offices of the CPC Central Committee and the State Council," and should expand the dynamics of investigating and handling major and appalling cases. In the next few months, the discipline inspection and supervisory organs across the municipality should concentrate time and energy on investigating and concluding a number of major and appalling cases; pay particular attention to conscientiously investigating and handling a number of major and appalling cases of engaging in corruption, giving and accepting bribes, getting money by fraud, indulging in smuggling, and seriously violating financial and economic discipline; and make noticeable achievements. We should continuously focus our efforts on investigating party and government leading organs, judicial departments, administrative and law enforcement departments, and economic management departments; and emphatically investigate and handle the major economic criminal cases relating to the leading cadres at or above the county (section) level. We should openly handle and expose the cases with influential power in order to build up

momentum and produce an impact. He stressed: The leaders at various levels, particularly party and government top leaders, should further upgrade understanding, pay high attention to investigating and handling major and appalling cases, and support discipline inspection and supervisory departments to strictly and rapidly investigate and handle a number of cases of violating economic laws and economic discipline. We should ensure the supply of funds for handling cases for the discipline inspection and supervisory departments and provide necessary material conditions for investigating and handling major and appalling cases. Leaders of the discipline inspection and supervisory organs at various levels should personally go to the forefront to handle cases. It is necessary to strictly carry out the system of responsibility for handling cases among each level. We should further strengthen the coordination and cooperation of law and discipline enforcement departments and the departments for supervision over the enforcement of administrative laws, and have them closely cooperate with one another, and form cohesive power. Discipline inspection and supervisory departments should resolutely withstand the obstacles created by the practice of interceding for somebody. We should grasp the typical cases of refusing to report and handle cases, creating obstacles for handling cases, offering false evidence, and refusing to offer evidence; and openly and strictly investigate and affix the responsibility for these cases.

Northeast Region

Fifth Harbin Border Trade Fair Ends 21 Jun

OW2206072694 Beijing XINHUA in English 0715
GMT 22 Jun 94

[Text] Harbin, June 22 (XINHUA)—The Fifth Harbin Border Trade Fair ended in this capital of Heilongjiang Province Tuesday [21 June], having done eight billion U.S. dollars-worth of trade.

Of the total trade volume, 6.9 billion U.S. dollars was in export and import trade, and the rest involved economic and technological co-operation.

The figures represent increases of 11.3 percent and 18.3 percent, respectively, over the previous fair.

According to the organizers, the week-long fair drew 8,000 businessmen from 44 countries and regions, including the Commonwealth of Independent States, Eastern European countries, Japan, the Republic of Korea, the United States, Canada, Britain, France, Germany as well as Hong Kong, Macao and Taiwan, and 28 provinces and municipalities on the Chinese mainland.

The major import products during the fair included steel, automobiles and raw materials for the chemical industry, while the major export products were sugar, rice, tea, soybean, alcoholic beverages and textile products.

Foodstuffs made up 70 percent of the total sales during the fair, up by 30 percent, which indicated a change in demand from Russia. Cash transaction made up 3.5 percent, double the amount for the previous fair.

Jilin Succeeds in Stopping Smuggling Activities

SK2306125194 Changchun JILIN RIBAO in Chinese 14 Jun 94 p 1

[Text] Since August 1993, the industrial and commercial administration organs at all levels across the province have actively plunged into the joint operation of anti-smuggling along the 1,400 km long border. As of now, these administrative organs have dispatched 1,272 personnel to the struggle against smuggling and trafficking in smuggled goods. They have cracked down on the 6,923 cases involving illegal import of cars. They have confiscated more than 67 million yuan in goods and collection of fines.

The industrial and commercial bureaus of various cities and autonomous prefectures across the province have made unified arrangements for the specific struggle against smuggling and trafficking in smuggled goods. They have also continuously carried out the activities of dealing blows at smuggling and trafficking in smuggled goods by concentrating their time and giving priority to handling key cases. The industrial and commercial administration organs of border cities and counties, which have coordinated with the armed police forces and public security organs of border areas, have enhanced the supervision and inspection over vital communications lines and passes by assigning personnel to be on duty day and night. They have conducted strict inspection over vehicles passing by, as well as investigated and handled promptly the smuggling of vehicles and goods as soon as they have been discovered.

Liaoning's Benxi Uncovers Gang, Shoots Resister

SK2306123794 Shenyang LIAONING RIBAO in Chinese 17 Jun 94 p 3

[Text] Liu Zegang, the arch criminal belonging to a big gang of criminals who abducted women and forced them to engage in prostitution, which caused a sensation in the mountain city of Benxi, was shot dead on the spot by public security police when he resisted arrest with a gun and put up a desperate struggle.

In March 1994, Benxi city public security bureau cracked a case involving a big gang of criminals who abducted women and forced them to engage in prostitution. This gang involved 31 criminals. Under the pretext of helping them find a job in Guangzhou or arranging a tour for them, they fooled 39 school girls and unemployed young women and took them to Shenzhen and forced them to engage in prostitution in an effort to seek exorbitant profits. In addition, they also used despicable and cruel means to inflict mental and physical suffering on them. So far, public security organs have captured 16 criminals and saved 10 young women. Criminal Liu

Zegang was the chieftain of the criminal gang. In September 1990, he was sentenced to three and a half years imprisonment for theft. After his release, he was unemployed. Shortly after 1500 on the afternoon of 26 May, after being pursued and captured by the police with no way out, criminal Liu ignoring the police's repeated oral warnings and warning shots, stubbornly resisted arrest with a gun and was wounded by our public security police's decisive firing of guns and subsequently died.

Recently, Benxi city public security bureau held a commendatory meeting to award a citation of merit, third class, to Inspectors Wang Ge and Wang Baoren who pursued and shot criminal Liu.

Liaoning Province Aiming To Restructure Economy

OW2406023194 Beijing XINHUA in English 0158 GMT 24 Jun 94

[Text] Shenyang, June 24 (XINHUA)—North-east China's Liaoning Province, one of the most industrialized areas of China, is trying to restructure its economy, aiming to pull ahead of others again in the economic field.

Wen Shizhen, acting governor of the province, said that Liaoning is mapping out a blueprint to revitalize its state-owned economic sector and bring another economic boom to the former industrial leader of China.

Liaoning, with a population topping 40 million, has more than 1,260 state-owned large and medium-sized enterprises, accounting for one-tenth of the nation's total. These enterprises have given great help to the country during past decades.

But due to long-term running under a tightly planned economy, most of them have problems adjusting themselves to the demands of the market economy which China is implementing. Still worse, an economic boom is hindered by outdated equipment and means of production.

The acting governor said that the province is making vigorous efforts to restructure its economy. The state-owned sector is being revived and new economic sectors, including private firms, rural enterprises and foreign-funded enterprises, have been developing rapidly.

By 1995, the majority of state-owned enterprises are expected to make a profit as new management systems and relevant reforms are being carried out in them.

The industrial output value of the non-state-owned economic sector makes up 47.5 percent of the province's total, compared with only 16.4 percent in 1978. The rural enterprises have generated one-third of the province's gross product, reaching 164.3 billion yuan last year.

According to the acting governor, a market system for commodities, finance, technology and labor will be

established in the province soon, to guide enterprises' production according to market demand. The present planning system will be phased out.

Social security insurance and the housing system will also be reformed to cope with the new situation.

The province will open further to the outside world. The port city of Dalian will be built into a center of finance, trade and information services.

Foreign businessmen are encouraged to invest in basic industries, infrastructure facilities and high-tech sectors. Export-oriented ventures are also welcomed.

Liaoning has huge economic development potential as it has vast reserves in oil, iron, coal, non-ferrous metals and diamonds. It is self-sufficient in food supplies.

In addition, the number of high-grade personnel in science and technology and in management is large. Geographic advantages, including a long coastline and numerous ports, will also help the province's development, said the acting governor.

Northwest Region

Gansu Circular on Banks Assisting State Enterprises

HK2306143994 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 19 Jun 94

[Text] The Gansu Provincial Economic and Trade Commission, the Gansu Provincial Branch of the People's Bank of China, and the Gansu Provincial Branch of the Industrial and Commercial Bank of China jointly issued a circular yesterday, calling on financial and banking departments at all levels in Gansu to provide loans to state-owned industrial enterprises so as to guarantee them sufficient circulating funds.

The circular also laid out specific measures for providing loss-making state-owned industrial enterprises with bank loans, stipulating: State-owned industrial enterprises which are capable of producing readily marketable products and generating good economic results but lack circulating funds, shall apply to specialized banks for loans so as to acquire sufficient circulating funds. The local economic and trade commissions at all levels across the province shall take the initiative to assist the relevant specialized banks to investigate and verify the operational needs of state-owned industrial enterprises. Furthermore, the specialized banks shall actively assist state-owned industrial enterprises in this connection, particularly those enterprises that are capable of producing marketable products and generating better economic results thereby enabling loss-making state-owned industrial enterprises to resume normal operations at an earlier date. Nevertheless, the circular stated, different situations should be handled in different fashions. For example, specialized banks shall provide proper assistance to state-owned industrial enterprises capable of

reducing losses or turning losses into profits before the end of this year, thereby helping them tide over the current difficulties as quickly as possible.

The circular noted: Under the leadership of the local party committees and people's governments, economic and trade commissions at all levels across the province shall cooperate with the specialized banks and departments in charge of enterprises in amalgamating and combining long-standing loss-making state-owned industrial enterprises that are incapable of repaying bank loans or cutting losses in order to enable these enterprises to either transform their production lines, develop readily marketable products, or engage in tertiary industrial development. Those state-owned industrial enterprises that are unable to improve operations after being amalgamated or combined should be declared bankrupt without delay in accordance with the law. In so doing, the circular stated, appropriate measures should be adopted to guarantee the basic livelihood of the staff and workers.

Qinghai Vice Governor Addresses Coal Industry Meeting

HK2306144994 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 22 Jun 94

[Text] A provincial coal work meeting which ended on 21 June pointed out: Our province's specific guidelines for developing its coal industry are that we must base ourselves on the real situation in our province, implement unified planning, stabilize the Datong Coal Mine, and devote our primary efforts to develop the (Rehe) coal mining area. We must select the best coal mines and transform them [words indistinct]. We must pay attention to the production of anthracite and coke and support the development of coal mines run by townships and towns. We must strive to boost the province's annual coal production output to 4.5 million tons by 2000.

The above-mentioned meeting convened by the provincial government made a conscientious analysis of the present situation of the coal industry in our province and the present difficulties facing the coal enterprises. It worked out preferential policies for supporting the development of the coal industry in our province and made overall arrangements beneficial to that development. Coal has occupied an important position in our province's fuel production setup. At present, coal has accounted for 58 percent of our province's energy consumption; however, our province's self-supporting rate of coal last year was only 52 percent. We need to import 1,700,000 tons of coal every year. Developing the coal industry and increasing its self-support rate is our province's long-term goal of struggle.

Vice Provincial Governor Wang Hanmin spoke at the meeting on the future development of our province's coal industry. He said: Our province's coal industry has been developing under difficult conditions, but it has nonetheless made marked contributions to economic

development throughout the province. In recent years, though coal enterprises have encountered enormous difficulties and their output has dropped, we must understand that demand in the coal market is currently in a state of change. A favorable opportunity has come our way.

Wang Hanmin stressed: We must seize this favorable opportunity and have sense of urgency for reform and development. We must focus on running existing coal enterprises well, increasing investment, and speeding up

the pace of updating facilities and technical transformation. We must transform or expand several of the existing enterprises' production projects, increase their production staying power, and boost their production output. Coal enterprises are also facing the problem of transforming their operational mechanisms. They must free themselves from the long-term traditional planned economic pattern, must transform their internal management systems to meet the needs of the market economy, and must promote the development of the coal industry in our province.

ARATS, SEF Announce Conferee Entry, Exit Procedures

OW2306075894 Beijing XINHUA Domestic Service in Chinese 1220 GMT 22 Jun 94

[Text] Beijing, 22 Jun (XINHUA)—After more than one year of consultations, the Association for Relations Across the Strait [ARATS] and the Strait Exchange Foundation [SEF] today announced, through an exchange of letters, that the convenient entry and exit procedures agreed upon by the two organizations for their conferees becomes effective.

The procedures are as follows:

1. Basis

These procedures are formulated in accordance with Article 5 of the "Agreement of the Association and the Foundation on the System for Contacts and Talks."

2. The scope of personnel to discuss matters of the two organizations

What the procedures call "personnel to discuss matters of the two organizations" refers to:

A. chairman, vice chairmen, and secretary general of the ARATS; chairman, vice chairmen, and secretary general of the SEF.

B. deputy secretaries general, directors, and deputy directors of the ARATS; deputy secretaries general, chief secretary, directors, and deputy directors of the SEF.

3. Specific conveniences

When such personnel of the two organizations enter or depart from a place designated by the other side for handling matters as prescribed in this agreement, the other side shall apply for entry and exit certificates on their behalf.

Appropriate conveniences shall be provided to directors or personnel in charge of departments or above of either side when they pass through customs inspections.

Those accompanying the above-mentioned personnel or those who accompany such personnel with prior consent shall also enjoy the conveniences listed in the above two paragraphs.

4. Time limit for application

When personnel of the two organizations enter or depart from an area of the other side for handling matters as prescribed in this agreement, entry and exit permits should be applied for 10 days earlier; in case of special circumstances, the time limit will be decided through consultation.

5. Exchange of data

The two organizations should provide each other with data on the educational backgrounds, experiences, and jobs of their personnel who are going to the other side to discuss

matters concerning the two organizations. If there is any change in such data, the other side should also be informed.

6. Necessary assistance

When personnel of the two organizations enter or depart from an area designated by the other side for handling matters as prescribed in this agreement, the other side should provide convenience in communications and other necessary assistance. If special communications equipment is taken along, the other side should be advised and consent to bring such equipment should be obtained in advance. Such special communications equipment should be carried away when its users depart.

Businessmen Invest in Hainan's Farm Projects

OW2306110594 Beijing XINHUA in English 1037 GMT 23 Jun 94

[Text] Haikou, June 23 (XINHUA)—Rapid progress has been made in agricultural development projects in Hainan Province, China's largest special economic zone, thanks to investment by Taiwanese businessmen.

By the end of last year, there were 121 Taiwan-funded enterprises in farming, forestry, animal husbandry and fisheries.

Most of the enterprises were set up in Wenchang and Qionghshan counties and Sanya city.

The contractual funds for the agricultural projects have come to 85.18 million U.S. dollars, accounting for 9 percent of the total funds invested in Hainan Province.

In Sanya city in the southern part of the Hainan island, there are 47 enterprises funded by Taiwanese businessmen. Eighteen of them are agricultural ones with a total investment of 4.33 million U.S. dollars, 30.45 million H.K. [Hong Kong] dollars and 15.54 million yuan, accounting for 47.6 percent of the total investment by Taiwanese businessmen in the city.

Agricultural development has become one of the major targets investment by Taiwanese businessmen.

Hong Zhaoming, one of the earliest Taiwanese businessmen to invest in Sanya city, now has contracted for 150 hectares of farmland. He will introduce high-quality bananas, mangoes and seedless watermelon from Taiwan.

Hong is now planning to expand his agricultural development projects to Dongfang, Ledong and Changjiang counties. By the end of 1995, Hong's corporation will have developed 330 hectares of farmland to grow tropical fruits and flowers.

Hainan is an agricultural province. Of its 6.8 million population, 80 percent are now living in rural areas.

Wang Yongchun, mayor of Sanya city, said that the agricultural projects financed by Taiwan investors serve as an eye-opener local farmers.

Hong Kong

Mainland Making No Airport Funding Concessions

HK2406071794 Hong Kong EASTERN EXPRESS in English 24 Jun 94

[By Rain Ren, Sally Blyth and Chip Tsao]

[Text] Chinese officials have indicated that they are not prepared to make significant concessions at today's long-awaited meeting of the Sino-British airport committee.

These unexpectedly negative signals came as yesterday's meeting of the Sino-British Joint Liaison Group ground to a halt when Guo Fengmin, the leader of the Chinese team, told British officials that he was unable to hold further discussions on issues remaining on the table. It is understood that the Chinese negotiating team is waiting for fresh instructions from Beijing on the crucial issue of the handover of military land.

The main Chinese objection to Britain's position appears to be China's unwillingness to give the Legislative Council a final say on funding for redevelopment of the military lands, particularly the new naval base.

Recent indications of China's willingness to be flexible over the level of government equity injection in the airport project have produced high hopes of a successful outcome for today's one-day airport committee meeting.

However, Chinese officials have described these high hopes as "unrealistic".

In a newspaper interview published on Wednesday, Lu Ping, the director of China's Hong Kong and Macao Affairs Office said that Beijing would be prepared to countenance a level of debt for the airport project higher than the \$5bn [billion Hong Kong dollars] level, which had been China's previous bottom line.

But Lu was also careful to stress that progress on the airport talks depended on the "attitude" and the "co-operation" of the British—a point emphasised by Chinese officials last night.

British diplomats are also pessimistic about the outcome of today's talks because of the mixed signals coming out of Beijing.

Although the outlook for the talks is bleak, neither team is prepared to totally discount the possibility of an agreement.

After yesterday's JLG meeting it was suggested that a separate experts' meeting on military lands, which has been held simultaneously with the JLG, could continue over the weekend but no agreement was reached on when it would reconvene.

Aside from the problem of Legco's role in funding arrangements for the redevelopment of the military sites,

it is understood that disagreement persists over the size of the new naval base to be built at Stonecutters Island.

Britain has been insisting that the price for developing a larger naval base at Stonecutters will be a shortfall of funds to refurbish military facilities elsewhere in the territory.

China's objections to giving the Legislative Council a primary role in determining the funding for the redevelopment of the sites stems from its insistence that Legco is merely an advisory, colonial body, not a decision-making institution.

Britain, however, would find it difficult to accept an agreement which excludes the role of Legco in determining the funding proposals. Nor can it agree that British funds will be used to make up the difference if Legco only agrees to the partial provision of the financing agreement recommended by the JLG.

A senior British official said Britain was trying to work out a compromise formula.

"You have to have provisions which enable the thing [the fund] to be put into effect. If the Chinese side does not like the way in which the money is made available, then we have to look at other ways. We have to find some wording which does not openly contradict the position of both sides.

"Equally, Britain will not accept the obligation to pay if Legco denies the money. Both sides will have to find a phraseology to make sure, from the legal point of view, that neither side's position is compromised unacceptably, otherwise there is obviously no deal," he said.

The Governor, Chris Patten, yesterday tried to put a positive slant on the adjournment of the JLG meeting.

"We've [been] talking about the future of the defence estate for about seven years. That is an indication of how difficult and complex the issues are," he said.

"I think that it's fair to say that both sides have been working extremely hard over the last few weeks to try to put an agreement in place as soon as possible. It is complicated. It is difficult."

Guidelines for Listing Firms on Stock Exchange

HK2406114094 Hong Kong CHING CHI TAO PAO in Chinese No 23, 13 Jun 94 p 15

[From the "Chinese Economic News" column: "Six Guidelines for the Flotation of Mainland Firms in Hong Kong"]

[Text] Ma Shuping, deputy director of the Accountant Office of the Finance Ministry, has stressed the following

six principles on the question of the flotation of mainland firms in Hong Kong: 1) The enterprise must implement China's accounting system. It is international practice to follow the accounting standards of the enterprise's home country.

2) When an enterprise is listed on the Hong Kong market, it should prepare balance sheets in light of international or Hong Kong accounting standards. Although the "experimental system" and the accounting operation and statistical systems have approached Hong Kong's accounting standards, there are still differences between mainland statistics and Hong Kong's prevailing practices. To help Hong Kong investors understand and analyze the financial status of the listed companies, the financial reports presented by the company to the shareholders should follow China's accounting standards and regulations as well as international and Hong Kong accounting standards.

3) When the shareholding company is set up, the listed enterprise should implement the "experimental system." The provisions governing shareholding companies should be followed for endorsing the establishment of a company, namely, "a company is established and becomes a corporation after it registers with the industrial and commercial administrative management authorities."

4) The implementation of the "experimental system" will not be retroactive. To provide a comparable financial report, the auditing report submitted by the registered accountant should readjust the balance sheet of the previous years and reckon the achievements of the

previous three years in light of constant prices. This does not affect the actual situation of a certain accounting system already practiced in an enterprise.

5) The time and method for evaluating transfer accounts. According to provisions, when an enterprise is transformed into a shareholding company, its assets must be evaluated, and the face value of the original enterprise must be readjusted in light of the values defined in the evaluation. There are two points which should be clarified: First, when the accounts should be transferred. The accounts can be evaluated and transferred only after the enterprise has been transformed to a shareholding company. Second, how the accounts should be transferred. The floating capital, long-term investment, and invisible assets should be transferred in light of the value and face value defined in the evaluation. The original value and accumulated depreciation of the fixed assets should be reevaluated. The net value of the fixed assets should be calculated by deducting the estimated depreciation from the reevaluated original value.

6) Public welfare funds should be placed under the shareholders' control. In accordance with the law and administrative rules, a shareholding company should draw a certain proportion of public welfare funds from its after-tax profits. Public welfare funds should be under the shareholders' control. The fixed assets purchased by an enterprise with public welfare funds are considered part of the enterprise's assets. Any gains or losses which result from the disposal of these assets should be regarded as income or expenses from enterprise operations and should be included in the enterprise's total profits or losses.

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